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at the top
of their class

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Euro or
no Euro
for Britain?

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Malloons
the return of
Lord Phillips

Section Two, Film



THE INDEPENDENT

3,059

THURSDAY 8 AUGUST 1996

WEATHER: Cloudy, with rain later

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Just one, and no more than one, for the road

JASON BENNETT
Crime Correspondent

Police chiefs are poised to call for tougher laws on drink-driving, bringing a new "one-pint" limit a step closer.

The move will increase the pressure on the Government, which is already facing campaigns from doctors and the anti-alcohol lobby to lower the amount that motorists can legally drink.

The Independent understands that next week the chief constables in England and Wales will give the campaign fresh momentum by supporting a reduction from 80mg of alcohol per 100ml of blood to 50mg.

For most drivers, 50mg would mean a maximum of only one pint of beer, or two glasses of wine or whisky. Offenders would face a minimum one-year ban and heavy fines.

Last year about 600 people were killed on British roads by motorists over the limit.

Until now, the Government has resisted calls for a reduction, arguing that a change would have little effect, even though their own figures suggest they might save about 14 lives a year.

Police chiefs in Scotland backed the lower 50mg limit in November, but ministers will find it harder to shrug off the views of the 43 forces in England and Wales. Their officers see the damage caused by alcohol and they would have to enforce any change in the law.

A police source said: "Many

Alcohol and petrol are an inflammatory mixture. Anyone who flicks the ignition after more than a glass of wine should be prosecuted, fined, banned from driving, and in the worst cases imprisoned

— Leading article
page 11

in the police service believe the time has come for a change, and that if just one life is saved, it is worthwhile."

The Labour Party has pledged to review the drink-drive limit and yesterday criticised the Government's "failure to reconsider the issue".

The traffic committee of the Association of Chief Police Officers has surveyed all forces in England and Wales on whether the limit should be reduced. It will debate the issue next Wednesday. The Independent understands that while there is strong support for lowering the level to 50mg, an alternative suggestion to lower the limit to zero has been ruled out.

The committee will hear that lowering the level from 80mg to 50mg reduces the likelihood of an accident by up to 40 per cent. Any decision will need to be ratified at a full council meeting.

Chief Inspector Paul McElroy, staff officer of David

Williams, chief constable of Surrey Constabulary and chairman of the ACPO traffic committee, said: "We feel it is time to reconsider the levels."

"Our stance has always been you should not drink and drive. We still believe that, but we are now looking at what effect a 50mg limit could have."

There is convincing evidence that a reduction would reduce accidents and the number of people who drink and drive. But it will not effect the real problem drinkers who ignore all warnings."

Earlier this year, forces in England and Wales began automatic breath tests in all traffic accidents to which a police officer was called. There is also growing support for similar road-side drug tests.

The number of drink-related road deaths fell dramatically in England and Wales from 1,650 in 1979 to 540 in 1993. But now it has started to rise again. There were 540 in 1994 and 580 last year. There were 15,000 road deaths and injuries in 1994 in which at least one driver was over the limit. Police chiefs in Scotland said a reduction to 50mg would have prevented 213 serious accidents between 1988 and 1993.

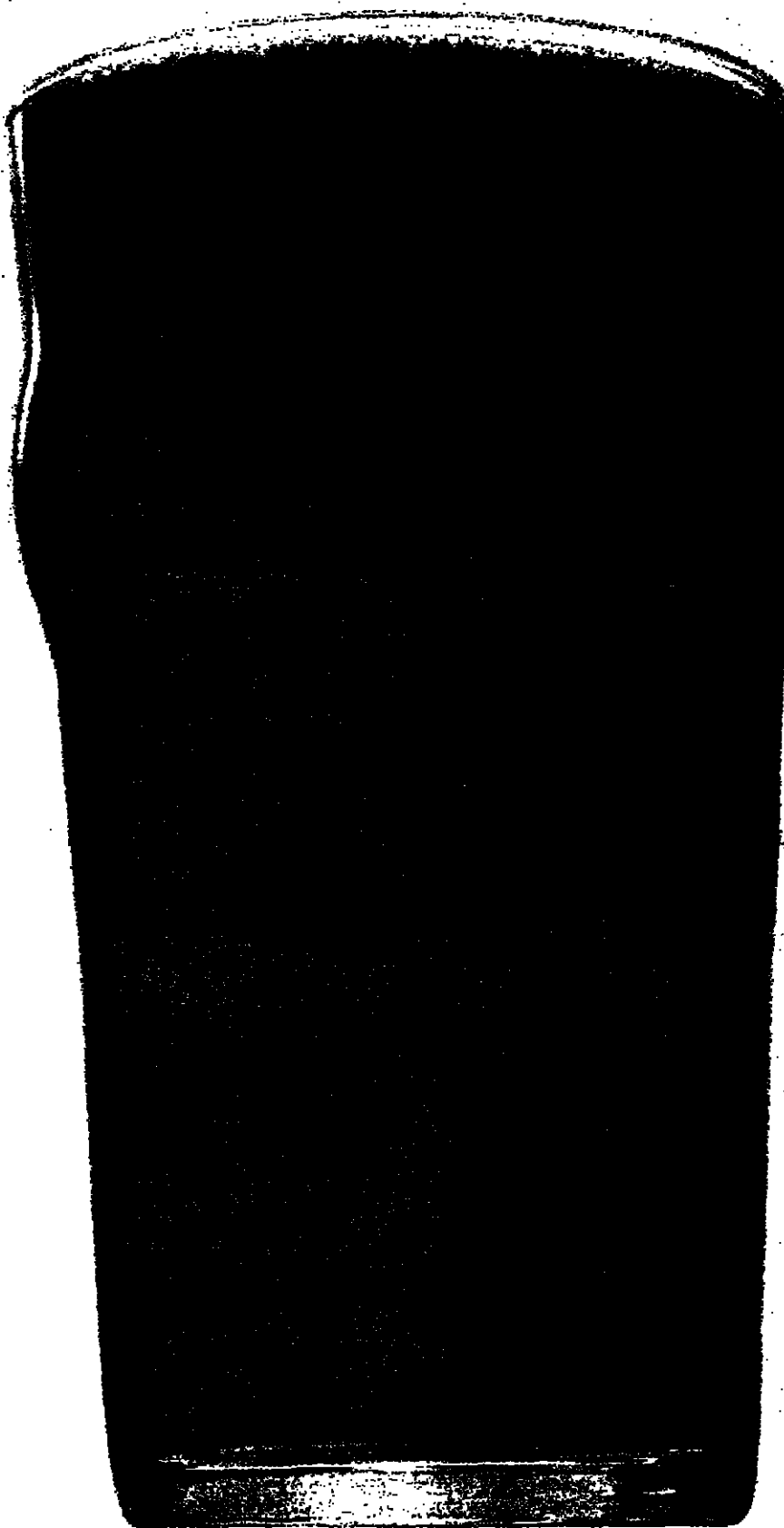
Last month the British Medical Council, the all-party Parliamentary Advisory Council for Transport Safety and Alcohol Concern produced a report calling for the lower 50mg level. They said a reduction in the blood-alcohol limit in Australia from 80mg to 50mg, combined with random breath-testing, had dramatically reduced drink-driving among both moderate and heavy drinkers and had cut the number of accidents.

Surveys have shown there is public support for a lower drink-driving limit, the report said. Seven of the 15 countries in the European Union have limits of 50mg or less.

However, the Department of Transport has rejected any change and argues that research suggests a drop to 50mg would prevent only about 2.5 per cent of fatal drink-drive accidents. A DoT spokesman said: "We have a system which people understand and accept. Ministers believe we have had enormous success in reducing accidents and we do not want to break up a winning formula."

The first breath tests with the current 80mg level were introduced in 1967.

Leading article, page 11 Short order: If police chiefs get their way, this will soon be the limit for all motorists



Bank says interest rate must rise

DIANE COYLE
and COLIN BROWN

Interest rates will have to rise if the Government wants to hit its inflation target, the Bank of England told Chancellor Kenneth Clarke yesterday — and the sooner the better.

The Bank's stark warning so far about the need to raise the cost of borrowing as the economy forges ahead came as a blow to Tory hopes of the return of the "feelgood factor" with a further interest rate cut ahead of the election.

Ministers hailed an ICM poll narrowing the gap between Labour and the Tories as evidence of political revival fuelled by economic recovery. But Labour said the poll, in the Guardian, showed Labour's support steady at 45 per cent — enough for a landslide victory greater than Attlee's in 1945.

The Chancellor was accused by the Liberal Democrat spokesman Malcolm Bruce of putting the political interests of the Tory Party before the country. "Instead of overstimulating the economy now, Ken Clarke should be attempting to lock low interest rates and low inflation," he said.

There will be clashes between Eddie George, Governor of the Bank of England, and Mr Clarke in the coming months. City experts predicted yesterday. Businesses urged the Chancellor to ignore the Bank's warning and leave rates well alone.

But Treasury minister Mich-

ael Jack played down the difference of opinion between Mr Clarke and Mr George. "The Chancellor has always made it very clear that having got down to low levels of inflation, he is not going to give up that prize easily," he said.

Chief economist Mervyn King made the Bank of England's views plain: "The question will be when to raise interest rates." However, inflation is likely to fall from its current 2.8 per cent in the short term.

He added that it would be preferable to raise base rates sooner rather than later. "The longer we leave it, the further they will have to move."

Asked if he thought Mr King would agree, Mr King said: "I rather imagine he would not wish to join the club of Chancellors after whom excessive booms have been named."

The Bank's quarterly Inflation Report predicted that with no change in policy there is a worse-than-even chance of inflation staying below its 2.5 per cent target in two years' time. The outlook was worse than in the May report because the Chancellor had cut a quarter point from base rates in June, against the Governor's advice.

Yesterday's report also warned that the Government is running too big a budget deficit. It said high borrowing requirements "cannot be reconciled with hitting the inflation target as well as maintaining a sustainable fiscal position."

Business reactions, page 15

Europe's laws on drinking and driving

Country	Permitted Blood Alcohol Concentrations (MG/100 ml)	Punishment
Belgium	50	Max fine £1,913. Disqualification for 5 years. Imprisonment up to 6 years.
Denmark	80	Max fine 4 per cent of driver's income. Max disqualification for one year. Imprisonment up to 2 years.
France	50	Max fine £386. Disqualification three months to life. Imprisonment up to 2 years.
Italy	80	Max fine £215. Disqualification up to 3 months. Max imprisonment one month.

QUICKLY

Londonderry block

A huge army and police operation mounted in Londonderry to block off part of the city's walls from Saturday's controversial Apprentice Boys march produced immediate loyalist anger last night. Page 2

Possible life on Mars

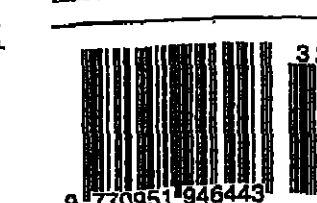
Scientists and religious thinkers were digesting the news yesterday that traces of organic chemicals — so tiny that thousands would fit on a full stop — are "evidence for primitive life on early Mars." Page 3

Cyclists protest

As hundreds of cyclists from anti-car protest group Reclaim the Streets added to traffic jams in central London caused by the Tube strike, the RAC said some of the problems could have been avoided through better co-ordination and accused the Government of washing its hands of the problem. Page 20

How immigrants live

A unique picture of the lives of Britain's 3.2 million immigrants is provided by the biggest official study of its type ever made. Page 6



Snitch on a relative, shop a neighbour. Mr Lilley is pleased to take your call

STEVE BOGGAN

The machinery whirled and clicked into action and another life was about to be changed.

"Thank you for calling the National Benefits Fraud Hot Line. This service is absolutely confidential. My name is Simon, how may I help you?"

Simon sat in a padded booth on the seventh floor of an anonymous building in the heart of Lancashire. He wore a headset, and his pen was poised over a list of questions for the latest informant anxious, in the Government's words, to "Beat-a-Cheat."

"OK," he said. "What's the name of the person involved?" And the caller gave the name of a 27-year-old single mother of two, from Rochester in Kent.

Despite claiming single parent benefits and family allowance, the woman, the caller said, in a gleeful southern accent, also had five part-time jobs. Slowly, patiently, Simon steered the man through the form, extracting details of the woman's address, her height, build and hair colour, details of her vehicle and her movements,

even descriptions of her clothes. But it wasn't until he asked whether the cheat had any distinguishing features that this already uncomfortable process became thoroughly distasteful.

"None that I could tell you about," the caller chuckled.

The man then disclosed that he was the woman's ex-husband and that the "five part-time jobs" were in fact five sessions spent as a cleaner at five different private addresses, one of which he supplied. "Erm, if they investigate her, will they let her know she was grassed on?" he asked shakily.

"No," replied Simon. "This service is absolutely confidential." And another case was opened for one of the 5,000 fraud investigators being fed by the voracious hot line.

Since it opened on Monday at the instigation of Peter Lilley, the Secretary of State for Social Security, the small department with its 62 operators has been deluged with calls about alleged fraudsters. On day one, more than 1,600 calls were received; on day two, the number was 3,500. By 12.25pm yesterday, when *The Independent*



was invited to listen in, a further 790 informants had called.

"The response has been astonishing," said Rob, manager of the hot line. None of the staff will reveal their real names — they have already received threats, including one to firebomb their office if it were identified.

"We have had people report benefit fraudsters and companies paying cash in hand to people on benefits."

"In one case, we had a person report an entire street —

names, details of benefits, the claimants' descriptions, their car registration numbers, where they were working, the lot. In another case, someone reported an entire village."

And the calls kept coming — hardly surprising, with fraud running at £3bn a year. "Thank you for calling the National ..."

This time it was a woman with a London accent who wanted to report another single mother of two. The cheat, she alleged, had a six-year-old daughter and a 12-year-old son and was working part time at an insurance office despite claiming income support and housing benefit. "She has a child-minder take the little one to school so she can go to work," the caller confided.

An address, a description and the fact that the woman lives alone were all forthcoming. At the end of the call, the impression was left that a score had been settled.

"You get some right duffers and some very calm, intelligent people," said Simon, 34, who, along with the other operators, was given one day's training before "being thrown in at the deep end".

"I used to work in retail sales, but I wanted to work for the Benefits Agency," he said. "I enjoy the customer care element without the sales side of things."

And the telephone rang again. This time it was a weezy woman from Birmingham who wanted to inform on a 25-year-old man from Droitwich. "I've reported him before," she said. "But they didn't do anything about him then." She went on to provide details of his girlfriend and brother, who were also cheats.

"The other night I went home with a sore finger and thumb from writing," said Simon. "One of the girls has got plaster on her thumb. We take down so much information and pass it on. It isn't our job to evaluate it."

"At the end of the day, we don't know what happens or whether anyone's life is ruined as a result. If we did know, we would probably have nightmares. The supervisor here says we just have to take down the information and then go home and leave the job behind, and that's just what we do."

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news

Mayhew orders Derry blockade

DAVID MCKITTRICK
Ireland correspondent

Army acts after fears of violence during Apprentice Boys' parade

A huge army and police operation mounted in Londonderry last night to block off part of the city's walls from Saturday's controversial Apprentice Boys march produced immediate loyalist anger.

A convoy of lorries, diggers and earth-moving equipment, escorted by police and troops, moved into the city at 6pm to seal off the section of walls which overlooks the Catholic Bogside district.

The move was ordered by the Secretary of State for Northern Ireland, Sir Patrick Mayhew, after a day of talks failed to agree a route for the march. The lack of agreement had in-

creased apprehension in the city and elsewhere of impending communal conflict.

The development has not however defused the situation, since it leaves open the possibility of a re-run of the Drumcree stand-off which last month produced tension and intimidation in the Province.

Sir Patrick's decision was welcomed by Bogside residents but brought anger from Unionist politicians. Dr Chris McGimpsey, a member of both the Apprentice Boys and the Ulster Unionists, accused the Government of bending to the threat of republican violence.

He described the decision as disgraceful but called on loyalists not to react violently.

Londonderry Democratic Unionist councillor, Gregory Campbell, said it looked as if republican demands were going to be met in full, adding: "If people expect us simply meekly to accept that, then I'm afraid that is just not going to happen."

During previous parades controversies Sir Patrick has stressed that operational decisions are for the Royal Ulster Constabulary and not for him, but yesterday he acted under public order legislation. This was in response to RUC advice that allowing a

parade along the city walls was likely to make undue demands on the police and army.

Earlier a group of clergymen, including the local Catholic and Church of Ireland bishops, Dr Seamus Hegarty and Dr James Mehaffey, together with senior Presbyterians, the Rev Robert Davey and the Rev David Latimer, met leaders of the Apprentice Boys and, later, representatives of the Bogside Residents' Association.

Others involved in talks included Social and Democratic Labour Party leader and the city's MP, John Hume, business leaders and senior RUC officers.

away from the Bogside.

Sir Patrick said last night: "On an issue of this kind there is widespread condemnation but I believe it to be in everybody's interests. The police should not have undue demands placed upon them."

Anti-terrorist detectives in London last night appealed for information about a set of keys to lock-up garages. The call followed a search of garages near a house in Peckham, south London, where last month police recovered components for up to 36 bombs.

Detectives also want to hear from anyone who might have been phoned by a man with a French, American or Irish accent between 1 June and 15 July interested in renting a garage.

SIGNIFICANT SHORTS

John Redwood's supporters made it clear yesterday that the former Cabinet minister will not be silenced, in spite of attacks on him by Tory MPs and the former Foreign Secretary Lord Howe. "He has no intention of being brain dead," one of Mr Redwood's friends said.

Lord Howe yesterday attacked Mr Redwood with a warning to the Prime Minister not to allow the Tories to be warned into a Eurosceptic party for the general election. He said the deal between John Major and Kenneth Clarke, the Chancellor, over the Government's "wait-and-see" policy for the European single currency faced a serious threat from the "new right" inside the Tory party, led by Mr Redwood. "Their salami tactics are well-known. Slice by slice, they will seek to destroy John Major's room for manoeuvre and so to convert the Conservatives into an anti-EMU party. We cannot and must not allow that to happen," he said.

Lord Howe's warning in the *Financial Times* followed a series of attacks by Tory MPs, including a call to "shut up" from Sir Julian Critchley after Mr Redwood spoke out during a tour of the United States. But those close to Mr Redwood said last night that he intends to carry on campaigning for election victory with radical policies. "John Redwood speaks for the heart and soul of the Conservative Party while he takes apart the contradictions of new Labour. That is where his agenda lies," said one. *Colin Brown*

The Royal Yacht *Britannia* sailed out of Cowes yesterday officially for the last time, amid signals from Whitehall that it could be rescued by John Major. Ministerial sources said the Cabinet will have to reach a decision on a possible replacement next month, but the Prime Minister favours extending its life until a new yacht is built.

The vessel's future has involved intense negotiations between three key Whitehall departments, since the Ministry of Defence announced it was to be decommissioned because of its age. The MoD said it needed a £17m refit, but supporters of *Britannia* say that estimate is inflated. Ian Lang, President of the Board of Trade, is "enthusiastic" about replacing it with a modern royal yacht which would be used to boost exports abroad. The Secretary of State for Defence, Michael Portillo, would support it, providing it did not fall on his budget. Michael Heseltine, the Deputy Prime Minister, could decide the issue; his friends say he was won round by the yacht's success in helping the export drive when it was moored in the Cape, in South Africa. *Colin Brown*

An inquest into the death of Brian Douglas, who died after being arrested by police using a new American-style baton reopened this morning after the jury failed to reach a verdict yesterday. Sir Montague Levine, coroner for Southwark, south London, told jurors they could return one of three verdicts - unlawful killing, misadventure or an open verdict - on the death of Douglas, 33, a boxing promoter, who died from a fractured skull and internal bleeding last May after being hit with a baton by Constable Mark Tuffey. Sir Montague said: "Members of the jury, you should not return a verdict of unlawful killing unless you are sure that either PC Tuffey intended to kill Brian Douglas or cause him serious harm or PC Tuffey used unlawful violence upon Brian Douglas without such intention."

The three-week long case at Southwark Crown Court involves the first death to be associated with the baton since it was adopted by police. *Charlie Bains*

A challenge to the feudal rights of the Queen on the tiny Channel Island of Sark will begin with a secret court hearing tomorrow. The multi-millionaire Barclay brothers have challenged the rights of the Seigneur of Sark, the Queen's representative. The brothers own the island of Brechou, which traditionally owes feudal dues to Sark, and claim Brechou is a separate entity in feudal terms. The Crown wants to be considered as a co-defendant in the case. The Royal Court of Guernsey will sit in camera tomorrow to decide whether the Crown's wishes should be granted. *John Lyle*

Two men were killed when an explosion rocked an adhesives factory and fire swept through the building yesterday. Colleagues tried to rescue the two trapped men but had to flee the blaze. A fire service rescue squad later retrieved the bodies.

Up to 200 people were evacuated from buildings around the Scottish Adhesives factory in the Saracen district of Glasgow because of the risk of fumes from the blaze. The cause of the fire, believed to have started in an area where the two men would have been loading a mixing vessel with solvents, was not immediately known but suspicious circumstances were ruled out.

A hospital orderly was told he could face a prison sentence yesterday after he was found guilty of plotting with a nursing sister to tamper with a blood sample to avoid paying maintenance for his child by a former lover. The judge's warning to Timothy Anderson, 24, came after the jury at Maidstone Crown Court in Kent convicted him of perverting the course of justice.

Anderson's girlfriend Elizabeth Mills, 33, had arranged for a doctor at Medway Hospital in Gillingham, Kent, where they both worked to take a blood sample from Anderson for DNA testing to decide paternity of a girl born in November 1993. But Mills switched the blood with somebody else's before sending it to be tested. Anderson and Mills, who admitted the charge, will be sentenced on 30 August.

Chester Zoo said a chimpanzee was shot dead after attacking a keeper on Monday. Gloria, who has been at the zoo for 10 years - escaped from the chimpanzee into the keepers' kitchen, where staff tried to subdue her with a dart gun. She then attacked a keeper and was put down by other staff, a spokeswoman said yesterday. "This has never happened before in the zoo's history. We obviously have well-rehearsed procedures to go through in the case of escape and the keeper tried to dart her but unfortunately this didn't work quickly enough." The public were in no danger during the incident, the spokeswoman said.

North Wales's last deep coal pit is to close, RJB Mining, the owners of the Point of Ayr colliery near Talacre, said that 200 people employed at the 130-year-old pit would be offered transfers to collieries the company runs in the Midlands and Yorkshire. A spokesman said Point of Ayr was the smallest and least productive of the 17 collieries which RJB bought when British Coal was privatised in 1994.

Record attendances at Kew Gardens last week were drawn by the blooming of the Titan Arum - the world's largest flower. The 10ft-high plant, last seen in flower 33 years ago, attracted crowds to Kew in south-west London to see it and sniff the overwhelming odour - variously described as being like rotten flesh, fish, and burnt sugar. It was only in flower from 30 July to August 4, but during that time nearly 49,000 visitors were admitted to the botanical gardens.

Cyclists add to London Tube strike chaos

Government accused of ducking its responsibilities.
Louise Jury reports

One of Britain's biggest motoring organisations yesterday accused the Government of washing its hands of the chaos caused by the latest Tube strike.

As hundreds of cyclists from anti-car protest group, Reclaim the Streets, added to traffic jams in central London, the RAC said some of the problems could have been avoided through better co-ordination.

Edmund King, the organisation's head of campaigns, said: "We have a crisis in our capital. We've had seven strikes and London is losing so much money, yet efforts aren't being coordinated. We have a token government committee for London, but when it comes to a strategy for keeping the capital moving, there's a wall of silence."

He contrasted government inactivity with the RAC's efforts in providing a hotline for car-sharing, discussing extra buses with bus companies and issuing advice to callers. But a government spokesman rejected the criticism. "At the end of the day, the vast majority of commuters are getting in." Two special coach parks and extra car parking had been provided, he said.

On the seventh strike day of the summer - the fourth involving joint action by the train drivers' union Aslef and the rail union RMT - five trains ran instead of the normal 450 on the Underground yesterday.

As commuters faced the now familiar struggle across the capital by car, bus, foot and bicycle, about 500 cyclists from Reclaim the Streets converged



Collision course: A confrontation between a taxi driver and a cyclist from the Reclaim the Streets pressure group yesterday. About 500 cyclists had congregated in central London to highlight the capital's increasing traffic congestion. Photograph: Andrew Buaman

on Trafalgar Square before moving on to Parliament Square. Fifty protesters then stormed London Underground's headquarters, where a dozen reached the offices of Peter Ford, the chairman, who discussed Tube policy with them. There were 13 arrests during the morning, for breach of the peace, theft, criminal damage and assaulting a police officer.

Mr King condemned the cyclists as irresponsible. "When people are doing their utmost to get to work, groups who deliberately block the traffic are shooting themselves in the foot."

But Paul Piper, 31, who was cycling to work at an oil company, said the strike highlighted how much congestion there could be on the roads and the need for a proper public trans-

port system. Philip Southam, 36, who works in government security, said: "Get the cars out of the city and have more walk and cycleways."

A London Underground spokesman said the company wanted to go to arbitration through the wages board because it saw no point in returning to Asas where attempts at conciliation had failed. An

RMT spokesman countered that the union had received no details from LU about arbitration and stressed the strength of feeling behind the stoppage. "The message to management is that they have to come back to the negotiating table. We could negotiate our way through this afternoon."

Following union claims earlier this week of political point-

scoring, Tory chairman Brian Mawhinney accused "militant trade unionists" of trying to hold London to ransom. Party vice-chairman Charles Hendry called for information on the whereabouts of Labour's deputy leader, John Prescott, who is sponsored by the RMT. "While people struggled into work this morning, the strike commander is nowhere to be seen."

Abortion doctor faces 'confidentiality' inquiry

GLENDIA COOPER and COLIN BROWN
Chief Political Correspondent

The doctor who agreed to abort a one of a healthy pair of twins is to face a health authority inquiry into whether he breached his patient's confidentiality in revealing details of the case to the media.

Senior managers at Queen Charlotte's Hospital, west London will question Philip Bennett, professor of obstetrics and gynaecology, who told a Sunday newspaper that he had agreed to terminate one foetus because his mother, a 28-year-old single parent, felt that she could not cope with two babies.

The hospital found itself at the centre of a debate on selective abortion as "pro-life" organisations mounted a campaign to save the foetus. Three days after the story broke the hospital confirmed that the woman had already had the abortion.

By that time the Society for the Protection of the Unborn Child had secured a temporary High Court injunction to stop

the abortion going ahead.

Yesterday Spuc dropped its legal action but Life, another "pro-life" organisation, was aiming to step up its campaign for clarification of abortion law.

A Hammersmith Hospitals NHS Trust spokeswoman said the hospital wanted to see what "lessons could be learnt" from the last few days. "We will clearly have a review and examine the issues involved. This will involve senior managers who during the course of the review will ask Professor Bennett to explain himself."

She stressed however that there was no suggestion of any "witch-hunt". Professor Bennett was reported to have said that the information about the termination was released accidentally.

Meanwhile at Westminster some senior Conservative MPs called for the 1967 Abortion Act to be tightened, raising fears that abortion could become an emotive election issue.

Dame Jill Knight, an officer of the Tory backbench 1922 Committee, said the law needed to be tightened to stop abor-

tions being carried out for social reasons. "What is happening today is not what was intended of those who voted for the Act," she told BBC Radio. "They did not intend that it should be used simply when the woman did not want the child. There had to be a good reason."

Sir David Steel, who introduced the 1967 Act as a private member's Bill, warned that "pro-life" groups were intent on changing the law by raising emotive cases such as the twin abortion case.

"People opposed to all abortion are prepared to use highly unusual and marginal cases to convince others to abolish legal abortion. The law requires two doctors to agree," said Sir David, and he did not believe it needed changing.

Archbishop of Westminster, Cardinal Basil Hume, said yesterday there was a case for allowing all 60,000 stored frozen embryos to die. He admitted the loss of deliberately created human life was "repugnant" but believed this was the "least worse" solution to bad laws.

Gatwick trains fight for custom

CHRISTIAN WOLMAR

The first real battle between rival train operators after privatisation begins today when Network SouthCentral (NSC) tries to lure customers away from the Gatwick Express.

The London Victoria-Gatwick route is one of the few where parallel services are run by different operators.

NSC runs four trains an hour, taking 35 minutes for the journey and charging £7.50; Gatwick Express takes three

minutes less but charges £8.90. NSC's advertising campaign aims to show that its service is cheaper and stops at Clapham Junction and East Croydon, while Gatwick Express is non-stop. It also runs all-night services, while Gatwick Express stops at midnight. Both companies were privatised recently.

NSC was taken over by the French CGEA multinational, while Gatwick Express is run by the National Express coach company.

Under British Rail, the ser-

vices were not allowed to compete: commuters were expected to use NSC, while Gatwick Express was intended for airport users. Gatwick Express claimed to have 80 per cent of the Victoria-Gatwick market despite the price differential but NSC disputes this.

In theory, this type of competition was the spur for the privatisation programme but in fact there are few lines where different operators run services cheek-by-jowl.

French takeover, page 15

This PEP

that PEP

their PEP

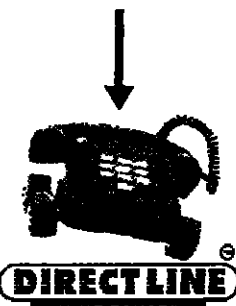
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سكدا من الارمين

Mars find puts life back into space race

CHARLES ARTHUR
Science Editor

Scientists and religious thinkers were digesting the news yesterday that traces of organic chemicals – so tiny that thousands would fit on a full stop – are “evidence for primitive life on early Mars”.

The news might lead to a funding boost for space trips to Mars, and possibly to international efforts to bring back samples from the planet. But religious commentators suggest-

ed that the news would make no difference to their beliefs. The remains were found in a meteorite and appear to be molecules known as PAHs (polycyclic aromatic hydrocarbons), which could have been made by primitive bacteria and single-celled organisms. These might have existed billions of years ago beneath the surface of Mars. PAHs are found on Earth in fossil sediments, where they are formed by bacteria.

The discovery was made by a team of six scientists at the US space agency Nasa, who found the traces of chemicals deep inside the four-billion-year-old rock. “We don’t claim that we have conclusively proven life on Mars,” said one of the scientists, Everett Gibson, at a press conference in Washington. “We are putting this evidence out to the scientific community for other investigators to verify, enhance, attack – disprove if they can – as part of the scientific process.”

The work will be published next week in the academic journal *Science*. It built on earlier work by a team at the Open University in Milton Keynes, Buckinghamshire. “We have been working on this meteorite, and did some work with the Nasa authors,” said Colin Pillinger, professor of planetary sciences yesterday.

The largest fossil is less than a hundredth of the width of a human hair, and most are about a thousandth of that size. Some are egg-shaped, and others tubular, but the team said that they are “strikingly similar” to those from tiny bacteria found on Earth.

The new research could accelerate plans for a manned spaceflight to Mars, and attract funds that Nasa and independent groups say are needed for thorough exploration. Nasa already plans a \$150m (£97m) trip by an automated spacecraft, due to lift off this November, to land on the planet next July.

Nasa’s administrator Daniel Goldin called the discovery “startling”. He recently suggested that samples should be brought back from the planet by 2003.

Will space yield up its mysteries?

How do we know the meteorite came from Mars? The unusual balance of various elements in the meteorite (called ALH84001) indicates that it was not formed on Earth. Also, it must have spent some time in space because it contains radioactive versions of common elements not found on Earth.

When did it arrive on Earth? About 13,000 years ago, after being thrown into space from Mars by a major asteroid impact about 15 million years ago.

What exactly have the Nasa scientists found? The rock contains tiny fractures, thought to have occurred when it was on Mars. These fractures contain clear signs of molecules known as PAHs (polycyclic aromatic hydrocarbons) – the first such molecules ever seen in a Martian rock. Scientists reckon that PAHs are formed either inside stars or by living organisms such as bacteria. Many have been found in Earth sediments.

Why weren’t these signs found earlier? ALH84001 was discovered in 1984, but not recognised as being from Mars until 1994. It is one of only 12 Martian meteorites known. “Three years isn’t a long time to find something like this,” said Jamie Gilmour, research fellow in earth sciences at Manchester University.

Is everyone convinced this is evidence of life on Mars? Many are holding back until they know more. The scientific paper is not due to be published until next week. Carl Sagan, the US astronomer, said the findings “are not evidence of life”. John Kerridge, a planetary scientist at the University of California, San Diego, said “The conclusion is at best premature and more probably

wrong. The PAHs are just not a reliable biomarker.”

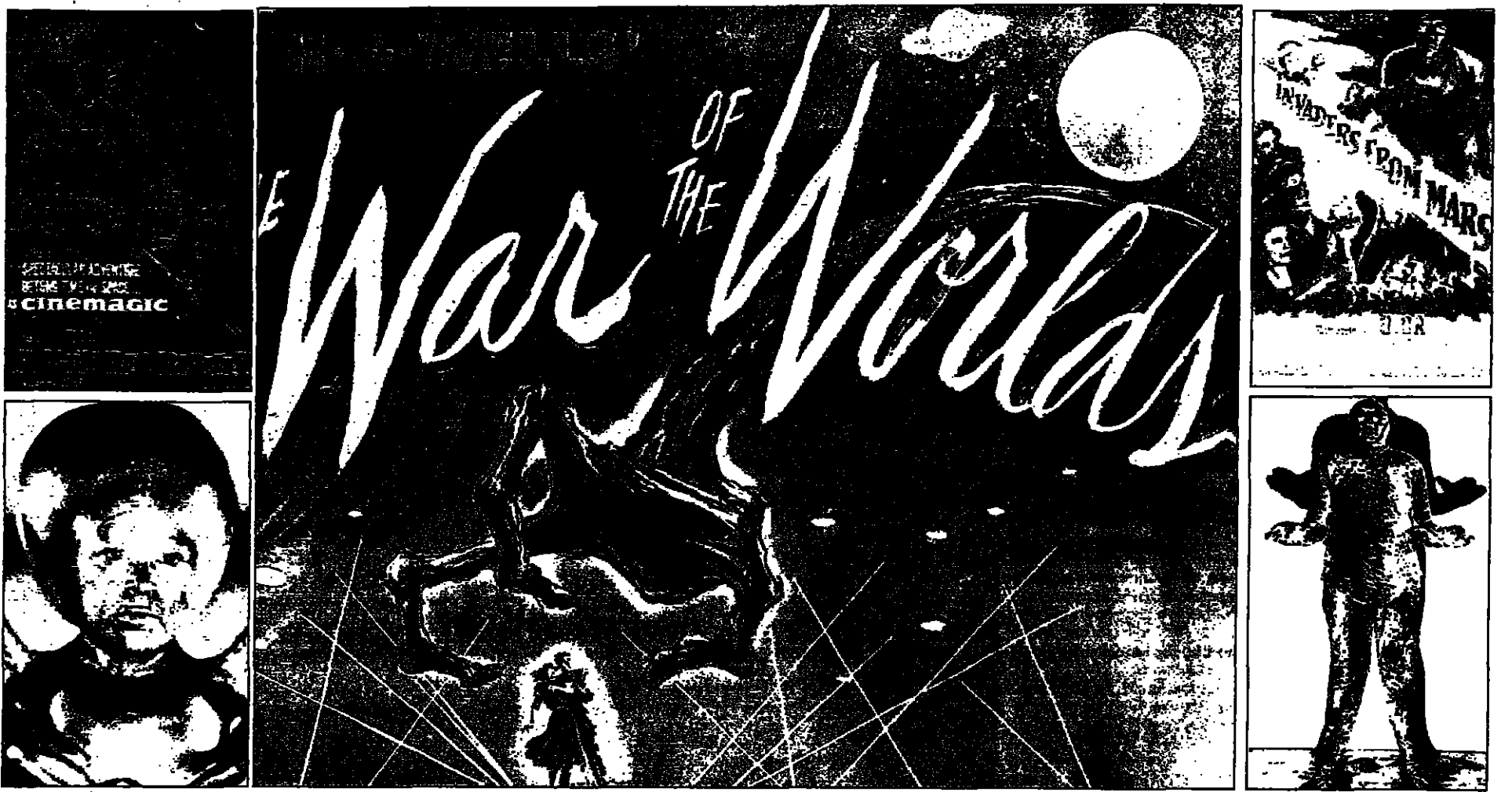
Could the “Mars life” actually have come from Earth? The possibility that the meteorite was contaminated with Earth organisms was a major question for the Nasa scientists. They provide a number of reasons refuting it. The key one is that the PAHs were more numerous towards the centre of the meteorite than outside it.

Could this just be a publicity drive by Nasa to attract funding for Mars missions? Possibly, but it’s unlikely. Nasa said recently that it lacks the funds to realise plans to launch a spacecraft to Mars every two years. Before the latest results were published, an independent committee warned that the hunt for fossil life on the planet would require extra funding. And Nasa administrator Daniel Goldin has called on Nasa to bring back a sample from Mars by 2003.

But while the new research will make it hard for politicians to refuse requests for exploration funding, two factors suggest the findings are credible. First, the scientists involved would face ridicule if their case is overstated. Secondly, *Science* magazine – in which the work will be published – has a rigorous checking system by which independent scientists review the work. If they thought it was faked, they would have rejected the paper.

What life might exist now on Mars? Any life now on Mars is probably in suspended animation – frozen in the polar regions (of carbon dioxide) or in underground frozen water. Possibly there is something still alive closer to the core of Mars – but that is only conjecture.

Charles Arthur



They came from outer space: The fictional faces of our galactic ‘neighbours’ may have altered over the decades, but there is no change in our fascination with alien life-forms

Wild flights of fantasy on the final frontier

PETER POPHAM

It is an index of our fascination with the possibility that we are not alone in the universe that the discovery of the fossil of a single-cell organism that may have lived and died on Mars several million years ago is the stuff of front-page splashes.

If that’s the company we’ve got through all eternity, one is entitled to say, it’s a pretty minor mitigation of our loneliness. But it will ensure that the search for larger, perhaps more companionable life forms, will be carried on more avidly than before.

Why does it matter so much? Why is it that practically all of us, however sceptical or consciously indifferent, experience

a flutter of excitement at the thought of extraterrestrial life? It is over 100 years since three men in New Mexico watched aghast as a cigar-shaped craft hovered above them, while the 10 occupants laughed and shouted incomprehensibly, then threw several objects overboard – a flower, a piece of paper with oriental-type writing on it, a curious cup – before flying away.

The objects, as happens with tedious regularity in such cases, were later removed by a mysterious stranger. But a modern obsession had been born.

In 1898, HG Wells published *The War of the Worlds*; eight years later the American astronomer Percival Lowell published his theory that the surface

of Mars was veined with canals which the Martians had constructed to irrigate their planet with water from the polar ice-caps. The parallel projects, the literary and the scientific, were off the starting blocks.

It was exactly the sort of imaginative adventure that the 20th century required. In humanity’s infancy, heaven lay all about us; what we knew was so infinitesimal, what we could only dream about so vast, that the imagination was abundantly nourished. Above were angels and archangels and all the company of heaven; across the sea beyond Finisterre and the *ultima Thule* were lands unknown, full of inconceivable creatures and men with heads below their

shoulders. When night fell, the dark was populated by ghosts. Even in a universe governed by the God of the Christians, there was plenty of room for enjoyably alarming speculation.


With the maturing of knowledge in the 18th and 19th centuries, however, shades of the prison door fell across humanity’s dreaming. There is a paradox here: the more breathtaking the discoveries and theories of the intellectual pioneers, the more arid, in consequence, grew the landscape of the popular imagination.

Humanity evolved from the apes, and the rest of “creation” came about in the same way? Bang went God, and the angels and archangels with Him. Character was formed through sexual experiences in infancy? That put paid to the soul, and doubtless to ghosts as well. History was a process of endless struggle between social classes? So much for the great heroes, the supermen of history.

Meanwhile modern navigation and transport ensured that no significant stone on the planet was left unturned, no nation or tribe undiscovered or undocumented. There was very little left to dream about. But just when it seemed that things had got about as factual and mechanical and circumscribed as they possibly could, the human mind executed an amazing double somersault, and with one leap it was free.

Roger Gander of Devereaux Montague

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news

Britain's chuddie-chewing youngsters have a stonking time

Promiscuous girls described as "slappers", buns labelled "anoraks" and hard-working pupils dubbed "boffins" may soon be officially defined in the *Oxford Dictionary*.

The latest what's-in-and-what's-out survey of secondary school parlance, conducted by

Dillons Bookstore and Oxford Dictionaries, has discovered a whole new language.

The sample of 600 pupils has thrown up "babe", an attractive boy or girl, "geek", an unappealing, boring person, and "hardo", someone who thinks he is tough.

The words will be now be considered for inclusion in the latest *Oxford Dictionary*, recognised as defining modern English. Other words creeping into the schoolspeak of 11- to 18-year-olds include "fit" – a slim, attractive girl or boy; "bif" – a cigarette; "cringey" – embar-

assingly unfashionable; and "coo" – admirable or good.

"Shrapnel" is used among the young to describe loose change, "pukka" means unruffled and stylish, "rooted" means horrible-looking and a "triphead" is someone who makes no sense. If you are going on a "blat",

that's a short bicycle ride; if you want some "chuddie", it's chewing gum, and a "dappy" is an unintelligent, sad person.

A "rooka" is a spot of pus, "pantz" is creeping in as a swear word, and if you have had a "stonking" time at a party, it has been excellent.

Regional variations made a strong showing in the survey. Youngsters in north-east England would think anyone using the words "cringey", "geek" or "pukka" was a real "anorak". "Boyf" – meaning boyfriend – is considered deeply unfashionable in Peterborough and

Lancashire, but is acceptable elsewhere in the country.

A "wuss" – wimp, or feeble person – is falling out of use in Ipswich, but is still used strongly in Gloucestershire. And in Lancashire, you are unlikely to be understood if you describe someone as a "divvy" – a fool.

Michael Proffitt from Oxford Dictionaries would not be drawn on which words would be included in the new dictionary. "It is impossible to tell which words will last ... it is in the nature of fashion that what is indispensable one year may be rejected the next," he said.

Cheap deals: Last-minute giveaways scarce as tour companies vow not to repeat last summer's suicidal discounts

Package holiday bargains sell out

TOM STEVENSON
City Editor

Anyone looking to match 1995's last-minute package holiday giveaways could be left kicking their heels at home, according to two of Britain's largest tour operators.

Airtours and Thomson believe that a combination of discounts for early bookers and a sharp fall in the number of holidays on offer has foiled the bargain hunters.

Harry Coe, the finance director at Airtours, said that lower capacity had led to fewer bookings – down 16 per cent on last year – but that it had also put an end to the suicidal discounts that had stung the industry last summer.

"If you walked down the high street last weekend and looked at the prices being demanded for departures in August, you'd have seen prices were £60 higher than was the case at the same time last year."

A typical example was a fortnight on the Costa Brava, on offer in high-street travel agents for more than £300, compared with an original brochure price of £350. Last year the same booking might have been as little as £225, said Mr Coe.

Thomson claimed to have given only half as many discounts this year as in 1995, with much smaller price reductions.

In recent years the holiday market has been dogged by job insecurity, hot summers at home and an increasing weariness with tacky, over-developed holiday destinations. Now more upmarket holidays, including long-haul trips and cruises, are the most buoyant area of the market.

Tour operators are still licking their wounds from a disastrous 1995, when 10 million holidays failed to find enough buyers.

By August last year the likes of Airtours, First Choice and Thomson were giving away breaks at prices that barely covered aircraft charter and hotel block-booking.

Profits at leading companies plunged and they vowed last autumn not to make the same mistake again. This summer, capacity has been cut to 8.5 million holidays, Mr Coe said it

means customers have found it increasingly difficult to buy the holiday they want. As a result of smaller discounts, many are plumping to pay full price for a named hotel they can see pictures of rather than take a chance on an unnamed venue for a saving of maybe only £40.

The tone was set for this summer when Thomson introduced "fluid pricing" last autumn. It rewarded early bookings with discounts and promised higher prices as summer approached. The threat to holidaymakers was that hanging on would increase the cost rather than throw up the bargains they had come to expect.

A spokesman at Thomson said: "It was such an obvious idea, it is amazing really that no one had thought of it before."

Airtours

added a new twist to the cut-throat battle for a share of the package market this season when it launched its summer 1997 brochures at the beginning of July, before many holiday-makers had left for this year's trip. The move caused a furore in the travel business, with agents complaining they were being forced to sell holidays for three seasons at the same time.

Yesterday, however, Airtours claimed the tactic had been an overwhelming success, giving it 50 per cent of the holidays so far sold for next year.

The spokeswoman for Thomson said the claim was meaningless, as it had only launched its own 1997 holidays last week. She said Thomson had sold more holidays in three days than Airtours managed in the whole of July. Mr Coe said it was too early to suggest a return of the feel-good factor to the holiday market.

But he said more costly holidays, including trips and cruises to far-away destinations, were the most expansive area of the market.

Analysts said the holiday companies appeared to have made a better fist of matching supply and demand this year but they questioned whether the industry had really cured itself of its volatility. Rising profits, they said, would lead inevitably to more capacity, increasing competition and the return of the last-minute bargain.



Sea view: The beach at Deauville, Normandy, is prepared for the new season which begins this weekend. Despite a fall in holiday bookings in Britain this year, discounts have decreased and the long-haul flight market has expanded. Photograph: Brian Harris

Dangerous pools, faulty lifts and fire risks still hallmark of Costa Deathtrap

MICHAEL STREETER

Some holiday hotels abroad are a potential deathtrap, with only one out of 39 recently inspected reaching a satisfactory overall level, according to a survey by the Consumers' Association.

Most disturbing of all, the findings were slightly worse than in the association's last survey four years ago, when legislation came in to make tour operators legally responsible for the safety of the hotels that they use.

The report found serious safety flaws in swimming pools, fire precautions, children's play areas, lifts and balconies in two favourite destinations for Britons, Turkey and Gran Canaria.

Kim Winter, acting deputy editor of the Consumers' Association's *Holiday Which?* magazine that contains the report said: "Following our last major survey there is very little difference, the same old problems keep cropping up."

There seems to be some breakdown in how tour opera-

tors are keeping the hotels up to scratch.

She added: "Some of these hotels are death traps – how many people must be maimed or killed before tour operators will take their responsibilities seriously?"

Among the findings were that nine out of 19 pools inspected at hotels in Gran Canaria were dangerous; three Turkish hotels had dangerous pools and 11 had pools which rated as poor.

Seven out of 20 Turkish hotels had fire safety problems and only four out of 16 hotels in Turkey were found to have satisfactory lifts.

One hotel in Puerto Rico, Gran Canaria, had no fire alarm

at all. A member of staff allegedly told inspectors: "If there's a fire, we shout."

Other problems included hotel corridors – one of them 48 metres long – with dead ends. The one hotel which passed all inspections was the Sol Fulya, in Side, Turkey, used by Thomson, First Choice and Sunworld.

In the previous survey carried out four years ago, only four hotels out of 42 were found to be satisfactory – slightly better than this year's inspections, which had been carried out in June and July.

The Federation of Tour Operators (FTO), which represents most of the largest holiday firms, said it was "nonsense" to

paint a picture of little or no improvement in hotel safety standards. A spokesman said: "We feel that the language and tone of this report is unfortunate and shrill, and we regret that."

He said that companies had made huge efforts on improving safety standards, including producing an educational video for hotel owners, and staging road shows in different resorts about hotel safety.

Keith Betton, head of corporate affairs at the Association of British Travel Agents (ABTA), which also represents tour operators, said: "We are surprised to see these results, bearing in mind the fact that tour operators spend millions of

pounds in safety inspections. "As safety is a top priority, these allegations will be fully investigated. If the claims are true, the problems will be rectified as soon as possible."

Despite the apparent slump in standards reported by *Which?*, there are no signs of a recent leap in the numbers of those complaining or taking legal action. The number of complaints about package holidays made to ABTA remains constant at around one per thousand holidays. The overall figure for the industry as a whole is estimated at around one per cent.

The FTO's chairman, Martin Brackenbury, said: "This is a cynical attempt by the Con-

sumers' Association to peddle simplistic solutions to very complex problems."

FTO members invest more than £12m a year in employing British safety professionals and consultants to carry out inspections and provides loans for hoteliers to make improvements.

"Statistics prove that it is already much safer to take a package holiday than to stay at home and as standards rise all over the world it will continue to be so," said Mr Brackenbury. Hotels were not used if inspectors had rejected them as insufficiently safe and significant progress had been made, he added.

The FTO stated that it was conducting further investigations in order to verify the situation following the *Holiday Which?* allegations, which were being disputed.

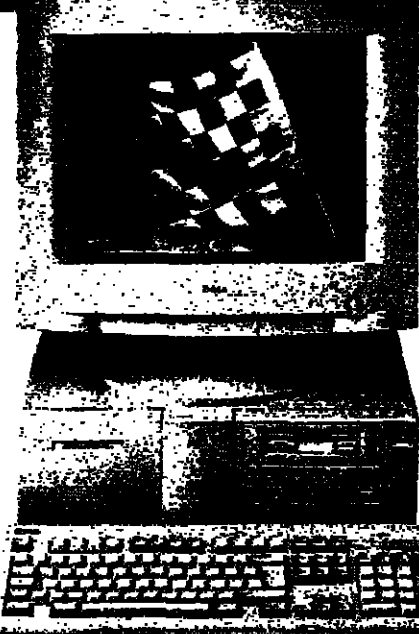
A spokesman added: "Initial findings suggest that *Holiday Which?* are not correct in some of their assessments and we reiterate that hotels are not used if inspectors reject them as being unsafe."

Numbers from overseas taking holidays in Britain are up again this year

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'We came for work and education, the sky was clouded. But it got better - and is getting better for all of us'

The largest survey of Britain's ethnic minorities charts changing society. **Rebecca Fowler reports**

The first image that struck Ruhun Chowdhury, 29, when she stepped off a plane from Bangladesh with just a smattering of English were the grey skies and the silence. But she was determined to begin a new life with her relatives, who had dreamed of a land of education and employment.

Mrs Chowdhury is one of 3.2 million people in Britain who have struggled to keep their culture while pursuing their dream, according to the largest study of ethnic minorities in Britain, published yesterday by the Office for National Statistics.

Alongside a quarter of all Bangladeshis living in Britain, Mrs Chowdhury's home is in Tower Hamlets, east London. She has a house near Brick Lane which bustles with traders selling familiar Asian fruits, fish and spices and wholesalers displaying brightly coloured fabrics.

Mrs Chowdhury said: "We came in February 1980 for work and for education. The sky was clouded, it was so dark and I thought, this is England. Of course it got better, and it's getting better for all of us."

Unlike the majority of the Bangladeshi community, she has quickly mastered English. She said: "I know language is power. I can get what I want. I can fight for things. A lot of women in this area can't do that. They're living in a closed community where they worry what the neighbours will say if they even come out of the house on their own."

She added: "Many of these women come from very rural villages in Bangladesh, where only the boys would be educated. If a woman goes out there's still a feeling she's not good, she's learning, she's getting smart."

When Mrs Chowdhury first started visiting Bangladeshi families, urging them to send their daughters to school to learn English, they would tell her she was destroying their culture and slam the door in her face.

A decade on, she is optimistic of change. Now, even the most traditional people stand and listen to what she has to say.

For many the change is coming gradually. Mrs Chowdhury

holds up an intricate piece of needlework depicting traditional Bangladeshi stories embroidered by a group of 25-year-old women, who are learning English while they sew.

But for the women's position to improve, the men are also being forced to adapt to Western culture.

Like the majority of Bangladeshi women, Mrs Chowdhury married young. Although she was unusual in gaining a degree at teacher training college, she was only 21 when she married, the average age for her culture, compared with 27 for white women and 33 for black Caribbean women.

At the Modern Saree Centre on Brick Lane, Ruhul Amin proudly displays his collection of wedding gowns in bright red silk threaded with gold, which cost £385 each. Trade is booming, with at least one wedding party coming into the shop every week.

Mr Amin says he is one of the younger generation of husbands who are encouraging their wives to learn English and make the most of the education on offer to them.

He said: "It's a good thing for everyone to have independence, men and women. It allows us to take care of ourselves and to enjoy a better standard of living and a sense of freedom."

Mrs Chowdhury says that many parents now accept that an education is the best way forward for both their sons and their daughters to gain jobs. Black, Pakistani and Bangladeshi people had the highest unemployment rate according to the report.

For those who have achieved the dream of an education and a career, in spite of prejudices from their own culture and the culture they have become part of, the dream has become a part of reality.

Ruhun said: "We sent six girls to Oxford from Tower Hamlets last year, and the girls are progressing faster than anyone. But I also look at the women who produced this needlework, and I know how talented they are too. They just never had the opportunities."

The picture that emerges from the report of the changing

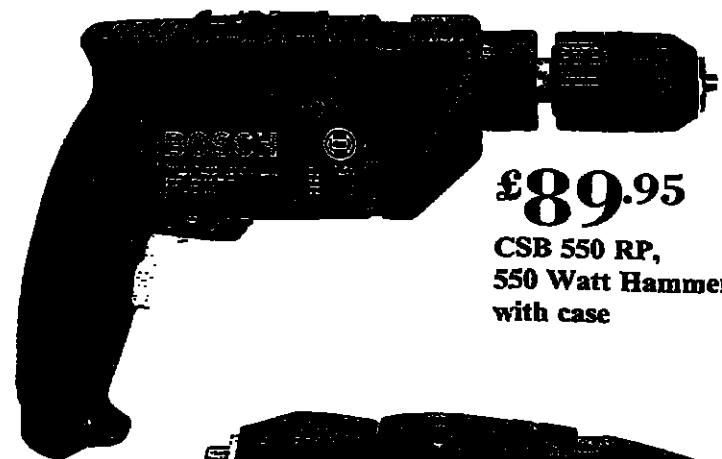
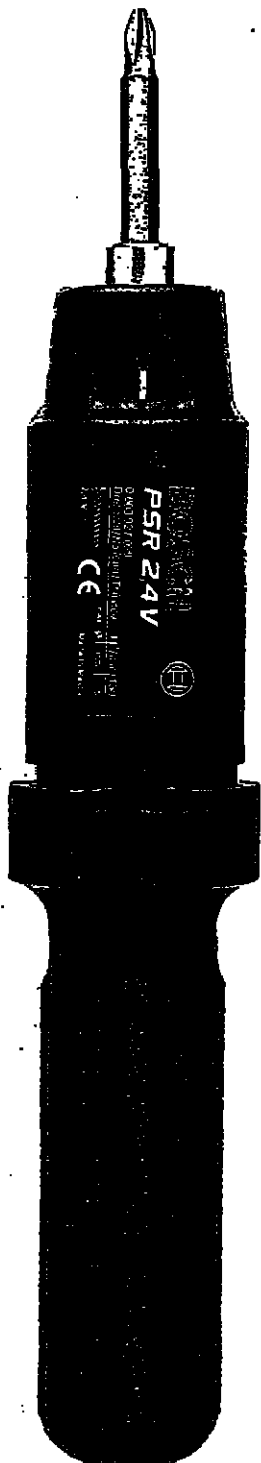


Taking the veil: A young Asian woman tries on a wedding outfit at Damini's clothes shop in east London. The average age for Asian brides is 21.

Photograph: Tom Pilsten

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Snapshots of life for Britain's ethnic minorities

The survey by the Office for National Statistics is the most wide-ranging study of ethnic minority groups in the UK. Its findings show that:

■ In spring 1995, 3.2 million people belonged to an ethnic minority - slightly under 6 per cent of the population and up from just over three million four years earlier.

■ One in eight black households in England and Wales was burgled in 1993 - twice the proportion in both the Pakistani/Bangladeshi and white groups.

■ More than half of black Caribbean children were living in a single-parent family in 1991.

■ Black and Pakistani/Bangladeshi people had the highest unemployment rates - 24 per cent and 27 per cent respectively - compared with 12 per cent for Indians and just 8 per cent for whites in 1995.

■ The ethnic minority population is concentrated in certain areas, with 25 per cent of all Bangladeshis in Britain living in the London borough of Tower Hamlets.

■ South Asian groups - Indians, Pakistanis and Bangladeshis - have much higher proportions of married couples than any other ethnic group.

■ Bangladeshi women are on average 21 years old on marriage, compared with 33 for black Caribbean women and 27 for whites.

■ Cohabitation varies widely, with black Caribbean males far more likely to be cohabiting than their white counterparts.

■ Ability to speak English varies, with only one in 10 Bangladeshi women between 50 and 74 able to do so and less than two-thirds of the Bangladeshi community as a whole being English-speakers.

Vagrant ruled out as murder suspect

LOUISE JURY

A vagrant accused of raping and murdering a British schoolgirl in France was released from custody yesterday. His lawyer said he was no longer a suspect.

Patrice Pade, 39, was arrested in connection with the death of Caroline Dickinson, 13, at Pleine Fougères, Brittany, three weeks ago and was reported to have confessed to the killing.

His lawyer, René Blanchard, secured his release yesterday before the examining magistrate, Gérard Zaig, after DNA tests failed to support the charge against his client.

Mr Pade was freed on condition that he stays at an address given to the authorities. Mr Blanchard said: "I think the authorities acted too fast. The police went too quickly but not the investigating magistrate."

"My client is no longer a suspect. He will have to speak to police again on various matters but I am very pleased with the way this has turned out."

The development has shocked residents of Pleine Fougères, near Mont-St Michel. Caroline was on a school trip to Brittany with Launceston College, Cornwall, when she was found dead on her mattress in the dormitory she was sharing with four others at a youth hostel.

Yesterday, as Mr Pade left jail



Caroline Dickinson: Killed on school trip in France

at Ploemeur, near Lorient, with his head covered, new rumours about suspects were circulating in Pleine Fougères.

One pointed a finger at a young blond man, dressed in a parka, who was reported to have threatened a German tourist two days before Caroline's murder and who was seen the day after by a French girl.

Questions were also being asked about a possible connection with the rape and murder of an 11-year-old French girl found four days after Caroline's death in the Brittany town of Redon, about 100 miles away.

Michel Bazzarewski, a father

of three with a history of sexual offences, has allegedly admitted he did it. Officially, no connection has been made between the two murders.

Christian Couet, the Mayor of Pleine Fougères, who attended Caroline's funeral in Cornwall, expressed dismay at the development. "When someone is arrested and confesses the crime that he is suspected of, there is no reason to doubt him," he said.

Other people were questioned after Mr Pade's arrest but the townsfolk believed the investigators were simply putting the finishing touches to the inquiry, Mr Couet said. "Besides, these further interviews appear not to have provided any further clues."

But the manager of a hotel 200m from the youth hostel where the murder took place said many villagers had had their doubts.

The man, who did not give his name, said: "The fact that Patrice Pade is not the rapist does not surprise us at all. From the start, this arrest always seemed bizarre to us; it was all too swift, too easy."

When news of the DNA test results emerged on Tuesday, Caroline's parents, John and Sue Dickinson, expressed dismay that the "small consolation" gained from the quick arrest was to be denied them.

Suspect Picasso is dusted for fingerprints

JASON BENNETT
Crime Correspondent

A drawing bought for £25 from a house clearance sale is being examined by a police fingerprint expert to discover whether it is a Pablo Picasso original worth hundreds of thousands, or even millions, of pounds.

The small picture of a crucifix came from a flat in Ealing, west London, that was owned by Polish expatriates, one of whom claims to be the illegitimate daughter of Picasso.

Mark Harris, an art historian who part-owns the 15th-century drawing, earlier this year advertised for a fingerprint expert on the Internet after he discovered a Picasso signature and a right-thumb print on the drawing.

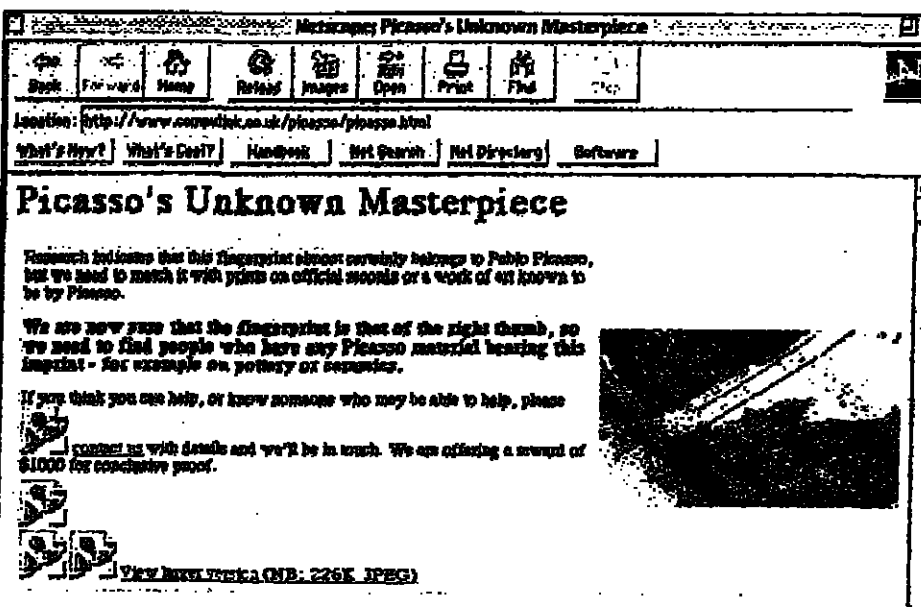
He was put in touch with Martin Leadbetter, head of Cambridgeshire Police's fingerprint unit, who agreed to try to authenticate the drawing. Since 1991 the owners of the black-ink-on-paper drawing have been attempting to get a copy of Picasso's thumb print from his family and the Picasso museum in Paris, but have been refused.

Mr Leadbetter has made two trips to the *Bibliothèque Nationale* museum in Paris and has examined about 500 Picasso originals in search of a copy of the artist's thumb print, but has failed to discover any so far. "It will take a lot of detection to track down the thumb prints," he said.

Mr Leadbetter hopes to locate a plaster cast of Picasso's hands and a work certificate from the 1940s which is supposed to have his prints on it.



Put to the test: The possible Picasso (left), and the advertisement that appeared on the Internet. Martin Leadbetter (right), the fingerprint specialist who has been trying to authenticate the painting



The drawing was found by a Brighton art dealer along with four other pictures, also with Picasso's name on them, during a house clearance in the 1970s. The Brighton dealer kept the pictures for several years, but sold them after experts from Sotheby's and Christie's failed to authenticate them. The crucifix picture was bought in 1991 for £25 and is now owned by a syndicate of four people.

Commenting on the drawing, Mr Leadbetter said: "It's an awful thing to look at - I wouldn't pay £25 for it."

Mr Harris, who lives near Worthing in Sussex, said yesterday that he uncovered a wealth of evidence that showed the drawing was by Picasso. "I and a number of Picasso histo-

rians are convinced it's an original," he said. Mr Harris added that he believed the picture was related to Picasso's most famous work, *Guernica*, which made it "historically significant" and valuable. Estimates have varied from £1m to £20m, he said.

Mr Harris added that the Picasso estate was refusing to help authenticate the drawing

despite numerous pleas. The most influential artist of the first half of the 20th century, Picasso was a superb draughtsman who developed Cubism, radically changing the nature of art.

Picassos vary hugely in price, from £500 for a limited-edition etching to the £18m which Sir Andrew Lloyd Webber paid for Picasso's 1903 Blue Period

Portraits of Angel Fernandez de Soto at Sotheby's in New York in May 1995. Also last year, a drawing by Picasso from the Zumsteg collection, *Tête de Femme*, sold for £1.76m.

A police officer successfully used finger prints to identify lost work by the painter Turner a year ago. The painting later fetched £100,500 when auctioned last December.



Figure of hate: Angel of the North Photograph: North News

Gateshead Angel wins cash award

MARIANNE MACDONALD

The *Angel of the North* - "a monument to the stupidity of Gateshead council" as one councillor put it - will today be awarded £5,000 for helping to regenerate the town.

Ironically, this is the opposite effect many Gateshead residents believe the brooding steel statue will have when it is finally erected in March next year.

The *Angel*, by Turner prize-winner, Antony Gormley, will have a 150-ft wing span and will dominate the Gateshead skyline. Detractors have compared its fascistic presence to Albert Speer's Luftwaffe memorial.

Nevertheless, the British Gas Properties/Arts Councils Working For Cities Awards panel will announce today that it has won its art-in-progress prize, with the support of the Heritage Secretary, Virginia Bottomley.

The award to Gateshead council is the latest tranche of money the statue has won. It has also been given a £384,000 lottery grant, £150,000 by the European Regional Development Fund and £45,000 by Northern Arts in Newcastle.

Such was the ire the proposal initially aroused in residents, that 4,000 people signed a petition calling for it not to be put up. But the council, which is not footing any of the £500,000 bill itself, believes the town is regaining its opposition.

Recently, it arranged for another Gormley piece, *Field For The British Isles*, to be put on view to win over residents. The work, composed of 40,000 tiny terracotta figures, appears to have turned the tide of opinion.

The comments book is covered with praise. "Can't wait for the Angel," said one visitor. "Highly impressive," says another. "We welcome Gormley," said a third.

Such has been the publicity that there are suggestions it may even raise the price of property with a view of the statue.

The other winners of the £5,000 awards were: *A Light in Docklands*, the world's largest temporary arts project; Spitalfields Festival; Sunderland City Library and Arts centre; the Pioneers, Cardiff, a community arts project; and the Batley Public Art Programme in west Yorkshire.

DAILY POEM

The Weepies

By Paul Muldoon

Most Saturday afternoons
At the local Hippodrome
Saw the *Pithe-News* rooster,
Then the recurring dream

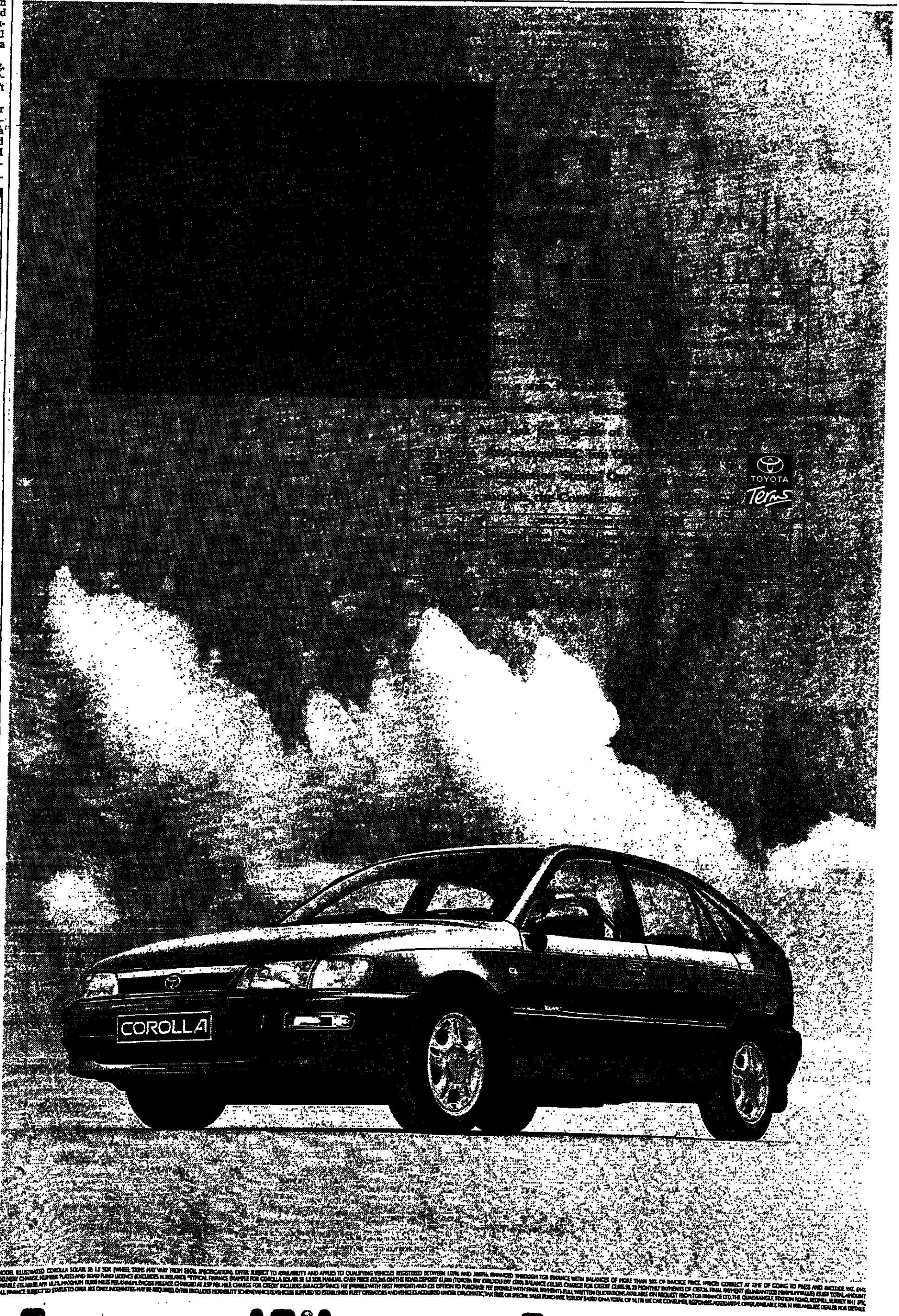
Of a lonesome drifter
Through uninterrupted range.
Will Hunter, so gifted
He could peel an orange

In a single, fluent gesture,
Was the leader of our gang.
The curtain rose this afternoon
On a lion, not a gang.

When the crippled girl
Who wanted to be a dancer
Met the married man
Who was dying of cancer.

Our hankies unfurled
Like flags of surrender.
I believe something fell asunder
In even Will Hunter's hands.

Paul Muldoon, born in Co Armagh in 1951, read English at Queen's University, Belfast, and for several years was a radio producer for BBC Northern Ireland. In 1987 he moved to the US and has since held teaching posts at Princeton, Columbia, Berkeley and the University of Massachusetts at Amherst. Faber & Faber recently published his *New Selected Poems 1968-1994*, from which this poem is taken.



international

Afrikaners trek into wilderness of Mozambique

MARY BRAID
Johannesburg

For the past 18 months, South Africa's Afrikaner farmers have been trickling in small groups across the country's northern border, re-enacting the Great Trek of their 19th-century ancestors into the interior, to escape British rule.

They have travelled to remote rural outposts of Mozambique, Zambia and the Congo, some driven by racist pique following the overthrow of apartheid, others by despair at the violent social unrest which has accompanied South Africa's transition to democracy.

Yesterday the South African government took advantage of the dissatisfaction of these white farmers to unveil an agreement with Mozambique to settle them in Lichinga, in northern Mozambique.

The move is part of the new South Africa's attempts to strengthen the economies of its neighbours. It has already helped build a road to Mozambique and a highway to Namibia through Botswana, which is ironic, as the old apartheid

regime spent much of its energies weakening its neighbours.

Through the settling of 24 farmers in Lichinga, alongside scores of others doing it for themselves elsewhere in northern Mozambique, the two countries hope to establish an agricultural infrastructure in Mozambique. After years of civil war, the country boasts plenty of fertile land but none of the skills or equipment needed to take advantage of it.

Post-apartheid South Africa expects to benefit from the region's economic improvements. And by strengthening its eastern neighbour, which is one of the world's poorest countries, it may also stem the flow of illegal immigrants who are exacerbating South Africa's own economic problems.

Mozambique hopes to benefit from the strengthening of its agricultural base, which was ravaged by war, and by the predicted creation of 28,000 jobs.

Despite its fertile soil it imports 281,000 tons of cereals a year. The World Food Programme is engaged in an emergency feeding project for 200,000 people in Mozambique.

For the white South African farmers, the trek provides an escape from the threat of land redistribution and enables them to hold on to the Afrikaner dream of rural independence. They are being offered land concessions for 50 years, renewable on the expiry date.

The only party poopers are Mozambique's peasants who complain that the land is being sold to white colonialists, which would be a strange conclusion to Mozambique's revolutionary struggle for independence from Portugal.

"Mozambique imports every kernel of wheat," said Piet Gous, the farmer and politician who organised the settlement. "There is no infrastructure there. You cannot get diesel, herbicides or pesticides. All these must be put in place."

While the risks for South African farmers were great, he said, many hoped for a better, more secure future. Lichinga's land was more fertile than that from which they previously made a living. "We will start slowly and expand next year. It will be a process of evolution, not a revolution," he said.

Sydney students take to the road over education cuts



University challenge: Thousands of student demonstrators marched through the streets of Sydney yesterday, bringing city traffic to a standstill. The students, who were challenging government cuts in tertiary education budgets, converged on the Liberal Party's headquarters. Photograph: Reuters

KANSAS DAYS

Russell keeps faith with its favourite son

Driving west from Kansas City on Interstate 70, you run a veritable gauntlet of celebrity to reach Russell, Kansas, the place Bob Dole believes to be the moral centre of America. You pass the hometowns of three astronauts no less, before encountering the Agriculture Hall of Fame and then the Greyhound Hall of Fame ("A Racer, A Hero, A Pet, A Friend"). But finally after three hours across the prairie you make it.

Russell, according to the pre-packaged mythology no presidential candidate can now do without, is Bob Dole. Forget Washington and the Congress where he spent his most productive years. This was where he was born and raised. To Russell he returned in 1945, a premature war veteran of just 22, crippled and half killed by wounds suffered in Italy. Here you can still see the drug store where they collected \$1,800 - a vast sum in those days - to send Bob Dole to Chicago to see the spe-

cialist who would put his body and soul together again. It was in Russell last year that he formally declared his candidacy. Here he returned last month to celebrate (if that is the right word) his 73rd birthday, and here this Saturday he will present his vice-presidential running mate to the world. All will be recounted in a misty sepia-toned video of a remarkable life that will be the backdrop to the convention in San Diego, and whose location shooting took place here the morning after he turned 73.

Bill Clinton is still fond of depicting himself as the man from Hope, Arkansas. But Bob Dole is the man from Russell, an even more perfect specimen of a half-finished, eternally decent small-town America, clothed in innocence, friendliness and God.

And as a stage set the town is perfect. On a hot midsummer day, hardly a soul stirs on the broad, wide streets, lined with two- or three-story brick buildings. Every shop on Main Street is festooned with Dole insignia, the billboards of restaurants and motels are made over to happy birthday signs - even the old Dream moviehouse, closed now but still smart painted in ochre and pale blue, pays its tribute. Mostly the posters and photographs show a younger Dole in his fifties, kindly sidestepping the age issue that is his greatest handicap.

Beyond, to the north and south, east and west, the ramrod straight avenues merge back into the vast plains. "Russell, Kansas, home of Bob Dole," proclaims the sign on the white grain silo standing sentinel over the railway line on the north side of town, just a stone's throw from the Dole family home at 1035, Maple Street, but somehow on the very edge of civilisation.

As a makeshift museum of old oilfield equipment which you see when you hit town from the Interstate suggests, what passes for the golden age of Russell is long gone. But even now the place looks relatively prosperous; the stillness is of peace, not desperation; of people who will not easily be moved. Dole's sister still lives on Maple Street. Her sibling's importance has earned her the protection of the police, parked close by in a couple of cars, one marked and one unmarked, both surely basking under the midday sun. An old cottonwood tree on the corner provides shade. White plastic deckchairs surround a side porch. The unostentatious but immaculately kept red-brick structure with its American flag implanted in the lawn bespeaks the chosen virtues of Kansas, Russell and Bob Dole, of thrift and toil, plainspeaking and patriotism.

But will these values be enough? "It would be nice if you could all come to the inauguration," he told a crowd of 1,500 people (out of a town population of under 5,000) assembled for a cakes-and-ice cream birthday rally in Russell's one park, an occasion as scripted and soulless as most of the Dole campaign thus far. Right now, a trip halfway across the continent looks about as probable as the reopening of the Dream movie house. Instead, come January, a more likely pilgrimage beckons. Almost 100 miles north-west - but still within the great state of Kansas - lies another small town called Norton. There, on the mezzanine floor of the First State Bank on 105 West Main Street, another hall of fame of sorts is to be found. It is the Gallery of Also Rans, a forum museum of candidates who ran for president and lost. Barring a miracle, a section devoted to the man from Russell will soon be joining them.

Rupert Cornwell

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Russians lose Chechen capital to rebel attack

HELEN WOMACK
Moscow

A band of a few hundred rebels yesterday humiliated a far superior force of Russian troops by attacking the compound of the pro-Moscow government in the centre of the Chechen capital, Grozny.

The fighting, the worst in the region since the beginning of this year, showed Boris Yeltsin was back at square one with the Chechen separatists, neither able to make peace with them, as he promised to do before the presidential elections, nor capable of crushing them.

Throughout the day, Russian helicopter gunships fired rockets against rebel positions in various parts of the city because federal forces had more or less lost control of the situation on the ground. Interfax news agency said the guerrillas were blocking Russian troops at their own checkpoints. "Our correspondent reports that the city is effectively controlled by the rebels," it said.

In the afternoon, the rebels seized the telephone exchange and launched an attack on the

government compound, forcing officials to scurry down to the basement. The most senior officials of the puppet government, led by Doku Zavgayev, had already retreated to the Russian military base at Khankala, on the edge of the city. Even there they were not safe, as Interfax reported that a sniper had picked off and killed the commander.

In the absence of television pictures, the news agency journalists became stars. Sergei Trofimov of Tass filed from the besieged compound: "The journalists are going down into the basement of the building which is under fire from grenade launchers." He added: "They will try to report information for as long as possible."

Interior ministry troops and Chechen police defended the compound against the rebels, whose attacks eased in the evening. A spokesman said the separatists offered to open up a corridor to let out journalists and civilians. A column of Russian armour with regular troops set off from Khankala to reinforce units in the city but was unable to reach them immedi-

ately as the rebels had mined the road into town.

The army seemed reluctant to help the lightly armed interior ministry troops, perhaps remembering the disastrous days of early 1995, after Moscow first intervened in Chechnya, when soldiers' tanks proved to be easy targets for fast-moving guerrillas, until Kremlin forces finally took the Chechen capital. The rebels retreated to the southern mountains but made a raid on Grozny this March, before the present assault.

The Deputy Interior Minister, Pavel Golubev, said 29 Russian soldiers had been killed and a hundred injured in this week's battles. Interfax cited a military source who put the death toll among federal troops at 50 and said 200 had been wounded. There were no casualty figures for the rebels or civilians caught up in the fighting.

Many civilians were reported to have left Grozny before the rebels infiltrated the city on Tuesday, raising speculation that the separatists had warned sympathisers about the attack. But Moscow should have read the signs. For days before



Up in arms: Yeltsin describes plans for his forthcoming presidential inauguration with the ceremony's organiser

Photograph: Reuters

their offensive, the rebels had been making no secret of their anger about Russian air raids on Chechen villages, which broke the peace deal Mr Yeltsin made to woo voters last month.

Moderate Chechen leaders say the latest assault is designed to force Moscow back to the negotiating table. But Russian officials now rule out talks. Fundamentalists Chechens, such as Salim Radvayev, who was believed dead but recently resurfaced after plastic surgery, will settle for nothing less than forcing Russia out of Ichkeria, as the separatists call Chechnya.

The eruption of Russia's "internal Afghanistan" has left Moscow floundering. Yesterday President Yeltsin seemed interested in the preparations for his inauguration on Friday. Ordinary Russians do not, perhaps, expect anything more inspiring from their ageing

leader, who is said to have been exhausted by the election campaign. But they are puzzled by the lack of initiatives from Mr Yeltsin's new national security adviser, Alexander Lebed, co-opted onto the Kremlin team after doing well in the first round of the presidential election and

widely expected to come up with a fresh approach to Chechnya. Yesterday the retired general said only that the Chechen problem could not be solved "exclusively by coercive methods" and talked of "organising a congress of representatives of the Chechen people".

Woman who spied for love pays price

WIRE KARACS
Bonn

"The defendant caused no serious damage to the Federal Republic of Germany," said the chief judge, before giving a verdict she no doubt felt was imbued with Solomonic wisdom.

Gabriele Albin, a 51-year-old woman who had been tricked into spying for the Stasi, was found guilty of the crime of treason. The punishment: two years' suspended jail sentence, plus a fine of DM30,000 and costs, totalling a quarter of a million Deutschmarks.

It is a high price to pay for a love affair that proved to be one-sided, but Ms Albin was relieved to be free at last of the East German spies who first trapped her in a web of deceit, then helped to convict her, and free of the German state's vengeance. "I have waited for this moment for five years, four months and 21 days," she said. "All I want to do now is pay the bill and leave."

Her sentence could have been much worse. The state had asked for three years' imprisonment and a heavier fine, but the court accepted the defence argument that Ms Albin had not known she was spying for the East Germans.

She had been seduced in 1977 by a Stasi agent posing as a West German businessman, who persuaded her to steal military documents from the US embassy where she worked as a translator. He told Ms Albin that the documents were destined for a peace foundation.

The agent, who pretended to be her fiancé, died last year. His colleagues and superiors, full-time cogs in the wheel of East Germany's machine of repression, were also given amnesties last year and recycled as prosecution witnesses. One by one they came into the Düsseldorf courtroom to testify against their former charge. She had had no inkling of their existence. They, it turned out, knew every intimate detail of her life.

The prosecution failed to prove that Ms Albin had benefited financially from her actions, while the judges accepted that she was under the complete emotional control of her Stasi "fiancé". The defence also successfully argued that the stolen documents had posed little if any danger to the security of Germany or NATO.

But the court felt somebody had to be punished, and since the Stasi agents who masterminded the operation now enjoy legal immunity, Ms Albin was given a token sentence.

"My friends have urged me to go to the European Court, but they don't realise that I still have to go through two trials in Germany," she said.

Rather than appeal against a verdict she feels is unjust, she is selling her house and seeking permission to live abroad. The state's diligent bureaucrats, meanwhile, can draw comfort from the knowledge that another file has been tidied up.

West to set up 'balanced' TV news service for Bosnia

MATTHEW HORSMAN
Media Editor

An Anglo-American team is to establish a new independent television service in Bosnia-Herzegovina in advance of national elections next month. The current affairs and news programming is intended to ensure "balanced, multi-party coverage" for key areas of the country.

The service, which will be made available via satellite to local television stations in Bosnia, will compete with existing networks, which in most cases are associated with one or other of the ethnic groups, and which have been accused of bias in the coverage of political events. So far, local stations in

Sarajevo, Mostar and Vitez have agreed to take the feed, which will be broadcast terrestrially to the local population. Other sites will be added, provided local stations agree, although there is no sign yet that stations in Serb-occupied areas will support the initiative.

The project was developed by the Washington-based Open Society Institute, a non-partisan, non-profit research organisation backed by the financier, George Soros. The initiative has support from the International Federation of Journalists and is financed by the World Bank.

Staff will be drawn in part from neighbouring Slovenia, and will be supplemented by local journalists from the Muslim and Croat communities in

Bosnia. The project's backers are aware of the need to recruit independent journalists, given the state of ethnic relations in the country.

"The intention is to ensure broadcast pluralism in the crucial lead up to the elections on 14 September," said a source close to the project. A source at one of the companies supplying logistical support said: "Everyone on the ground is aware of how important the media will be in these elections."

A Russian cargo aircraft is scheduled to leave Stansted Airport, near London, today, carrying £3m worth of transmission, editing and production equipment supplied by NTL, the British television transmission company. A team of six

technicians will help set up the channel. Also on hand will be personnel from Harris, a leading US manufacturer of transmitters, which has agreed to install a new transmitter at Banja Luka, site of the British military contingent in Bosnia.

For, the United Nations peace implementation force, is to ensure that there is no interference with the service. It is expected that the service would continue after the elections, and could form the embryo of a new national channel.

The news service is expected to go on air within a few weeks. "This has been a difficult exercise involving many people, and will have taken only 10 weeks from start to finish," said a British source.

Serbs and Croats plan recognition

TONY BARBER
Europe Editor

President Slobodan Milosevic of Serbia and President Franjo Tudjman of Croatia agreed yesterday on a framework for establishing diplomatic relations between Serb-led rump Yugoslavia and Croatia.

The agreement, reached at a seaside hotel near Athens, represented the most important breakthrough in Serb-Croat relations since Yugoslavia collapsed into civil war in 1991.

Before the surprise meeting in Greece between the two presidents, Croatia made clear it would not agree to mutual recognition unless rump Yu-

goslavia, which comprises Serbia and Montenegro, acknowledged Croatia's international borders. In practice, this meant that Mr Milosevic would have to renounce any claim on Eastern Slavonia, an enclave in Croatia which was seized by the Serbs in 1991 and is the last piece of Croatian territory still in Serb hands.

Eastern Slavonia is under a transitional UN administration but, in accordance with an agreement last year, should revert to Croatia's control by the end of 1997. Yesterday's announcement appeared to seal this agreement, dashing the hopes of Serbs in Eastern Slavonia that Mr Milosevic might

absorb their region into rump Yugoslavia.

An accord on mutual recognition was also held up by territorial disputes on the Adriatic coast between Croatia and Montenegro. Other problems, such as how to divide up former Yugoslavia's foreign debt among the five successor states, are gradually being solved.

Yesterday's agreement may leave a bitter taste in the mouths of Serbs who thought the purpose of the Serb-Croat wars of 1991-95 was to protect Serb minorities in Croatia, or merge their areas into an expanded Greater Serbian state.

As events turned out, Mr Milosevic's war brought not

territorial gains but the almost total destruction of the centuries-old Serb communities of western and southern Croatia.

Moreover, few expect the Serbs of Eastern Slavonia to stay when their region returns to Croatian rule. It is more probable that, like the Serbs of Sarajevo earlier this year, when their districts passed to Muslim-Croat control, they will abruptly abandon their homes.

Although the Bosnian war ended with Serbs gaining 49 per cent of Bosnia, this was little compensation for the epochal defeat suffered in Croatia. Yet so tight is Mr Milosevic's control of Serbia that he has paid no price for this catastrophe.

Netanyahu faces further revolt

ERIC SILVER
Jerusalem

For the third time in the first 50 days of Benjamin Netanyahu's right-wing government, David Levy, his touchy, rebellious Foreign Minister, is arm-wrestling with the Prime Minister.

In their two previous bouts, Mr Levy shamed Mr Netanyahu into creating a grandiose Ministry of National Infrastructure for the steam-rolling ex-Defence Minister, Ariel Sharon. This time he is fighting for himself - and a role for the Foreign Ministry.

Like other prime ministers before him, Mr Netanyahu wants to run his own foreign policy, and above all his own dialogue with the Arab neighbours. He contends that as Israel's first directly-elected Prime Minister, he has every right to do so. "I was elected to lead," he told an Israel Television interviewer on Tuesday, "and I intend to lead."

It is his leadership manner that has upset Mr Levy and the Foreign Ministry professionals. Mr Netanyahu, it seems, is cutting them out of the loop. He is proposing to appoint his own man to head the negotiating team with the Palestinians,



Better days: Netanyahu (left) listening to David Levy at the Knesset earlier in the administration

Photograph: Reuters

there was "only one Prime Minister".

That was the last straw. That night, Mr Levy unplugged his telephone and left Jerusalem for his home in the Jordan valley town of Beit She'an. Yesterday, unconvinced by promises to let him "participate", he boycotted two inner cabinet sessions amid hints of resignation.

He was reported to be "consulting" his four colleagues in the Geshet parliamentary bloc, which ran for election in harness with Mr Netanyahu's Likud party, but retained a separate identity. "Levy is upset," one of his confidants told reporters. "He is angry and hurt. He will not allow Netanyahu to take him for a ride."

Experienced Levy-watchers doubt whether he will resign. But his revolt is part of wider discontent among ministers and Likud MPs, with Mr Netanyahu's presidential aspirations.

"With his own mouth," Nahum Barnea, a widely-read columnist, wrote in the tabloid *Yedioth Aharonot* yesterday, "Netanyahu has transformed his ministers into the opposition. David Levy now joins Ariel Sharon, and others will flock to them. They cannot overthrow the Prime Minister, but they can make his life miserable."

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international

'1997 defence' blocks Hong Kong extradition

STEPHEN VINES
Hong Kong

Hong Kong's judicial system has been undermined by a ruling in the London High Court which blocks an extradition to the colony on the grounds that its legal system might not remain intact after China takes over next year.

It comes as a growing number of defendants overseas have started using the "1997 defence" to avoid being tried in Hong Kong.

Yesterday, the Hong Kong government remained silent on Tuesday's High Court ruling, saying it had not yet studied the judgment. It also appears to be turning a blind eye to rulings in United States and Canadian courts which may also undermine the authority of the colony's judiciary.

By coincidence, 11 foreign prisoners serving long sentences in Hong Kong jails yesterday asked Amnesty International to help them secure transfer to Britain for the remainder of

their sentences, as they fear their cases may be reopened under Chinese rule.

Last year, an American court ruled that a negligence claim relating to events in Hong Kong could be heard in the US, because there was no guarantee that the colony's courts would function properly after 1997.

However, the decision in the High Court is far more damaging, as it comes from the power that signed a treaty with China guaranteeing that Hong Kong's way of life would not

change for 50 years after the Chinese takeover.

Lord Justice Henry said the Home Secretary, Michael Howard, had misdirected himself when he ordered the extradition to Hong Kong of Ewan Launder, 60, a banker accused of bribery and corruption offences. Mr Launder's lawyers argued that under Chinese rule he might face the death penalty for these offences.

The judge said Mr Howard was wrong to overrule Mr Launder's concerns about China's

legal system, although Britain and China had agreed on the preservation of the system in Hong Kong. He said the Home Secretary's decision had been dictated by a collective cabinet decision, made "without regard to the consequent risks to his [Mr Launder's] life and liberty".

Mr Howard is appealing to the House of Lords, while Mr Launder, who has been fighting extradition since 1993, remains on bail.

At least three other extradition cases have been bogged

down by the "1997 defence". In New Zealand, a former Hong Kong public prosecutor, Warwick Reid, is fighting extradition for fraud and conspiracy charges on the grounds that he would not obtain a fair trial under Chinese rule. In the US Jerry Lui, a former British American Tobacco executive in Hong Kong, is resisting extradition on the grounds that he "would be tried and punished by one of the most notorious, totalitarian, human-rights violators on the face of the earth", according to his lawyer.

In Canada a murder accomplice suspect, Chan Chui-mei, is using the "1997 defence" to appeal against an extradition order.

Paul Harris, a barrister who leads the Hong Kong Human Rights Monitor group, says: "It will be a very interesting barometer of the Hong Kong climate if these cases are upheld".

He says China is infringing its new constitution for Hong Kong, and that with "every frightening statement by the Chinese, the day comes nearer when a court in Britain or the

US says there is a risk someone won't get a fair trial".

A spokesman for the legal department said that to date no court had found a change of sovereignty provided "circumstances which would prevent the grant of extradition".

The 11 foreign prisoners, from Nigeria, Pakistan and Nepal, meanwhile, have appealed for transfer to British prisons. Peter Barnes, their lawyer, says they fear "their sentences might be reopened for much greater penalties".

Chinese dance to a tune from Madame Mao

From the organisers' point of view, the timing of the applause was a potential political minefield. But as Peking this week hosted its first performance for two decades of the Cultural Revolution classic Chinese ballet, the *White-Haired Girl*, the authorities need not have been so uptight. The audience, nowadays keen followers of paramount statesman Deng Xiaoping's edict that "to get rich is glorious", dutifully clapped at all the right places: when the evil landlord and his sidekick were beaten by vengeful peasants, when the female heroine was reunited with her Eighth Route Army soldier, and as the symbolic red sun rose above the horizon.

The return of the *White-Haired Girl* ballet has proved an interesting barometer of contemporary political correctness in Peking. As one of only eight "model" shows permitted by Madame Mao during the Cultural Revolution, anyone over the age of 25 has probably seen the *White-Haired Girl*, and anyone over the age of 40 will have seen her many times. As well as the ballet, there was the original opera, the film, and the folk dance interpretation. Yet on Tuesday, the first night of this Peking ballet revival, the house was packed, and only the ticket touts outside would have scandalised Madame Mao.

Cultural Revolution classic makes a comeback, writes Teresa Poole in Peking

The plot is straightforward. Xi'er, a peasant girl, sees her father beaten to death by the landlord because he cannot pay his debts. She is forced to work in the cruel landlord's home, and is rescued three years later when her village is liberated by the Communist troops; the landlord and his henchman are subsequently executed. By then, such have been Xi'er's sufferings that her long black hair has turned completely white.

The difficulties of theatre revivals are well-known. But this one poses extra challenges. A debate on the morality of Chinese youth was sparked last year when an opera version of the *White-Haired Girl* was performed in Peking, and some young Chinese were quoted in the media as saying it was proper for the landlord to demand repayment of the debt. "Thanks to the introduction of a market economy, young Chinese are becoming business-oriented, and their comment reflects the philosophy of business," the official *China Daily* noted



Red revival: Opening night of the *White-Haired Girl*. It was one of Madame Mao's eight 'model' shows, but seems out of step with young Chinese

Photograph: Will Burgess

disapprovingly at the time. As a result, in the run up to this week's first night, the organisers have been so on edge anyone might have thought that the ballet company was about to

perform one of China's most daring pieces of political theatre. The officials cancelled interviews with foreign journalists, refused to discuss changes to the ballet, and admitted that it was all too

"sensitive" because of the show's links with the Cultural Revolution. "There are changes, but all have been for artistic requirements," was all one official would admit.

In a country where all mention in the media of this year's 30th anniversary of the outbreak of the Cultural Revolution has been banned, it was left to the audience to show that some Chinese can adopt a more mature approach to recent history.

Waiting for the theatre doors to open, Wang Lihua, 41, said he had seen the *White-Haired Girl* at least three times during the Cultural Revolution. "At that time, there were not many artistic activities, and I and my friends thought the quality of the

model works was quite high," he said. Would it be good for the moral education of his 12-year-old daughter, whom he had brought to the theatre? "Useless," Mr Wang laughed. "Children do not know anything about the exploitation of the old landlords or the oppression before Liberation. As for students who are older, at high school and university, some thought that because Xi'er's father owed money to the landlord, he must pay. From those opinions, you can see that this play cannot now have any political function. It is rather out of date."

Jiang Yuejiao, a 20-year-old student from Sichuan province, said her school textbook had included an extract from the

story. "I do not sympathise with the landlord, although my grandfather was also a landlord. It was the feudal society that made Xi'er's father owe so much money. In the correct society, he would never owe such a large amount of money."

From another generation, one serious-faced 40-year-old man said he had seen the *White-Haired Girl* at least 10 times, on "organised" trips. And why had he come back for more? "I am not sure," he said.

By the end of the performance, the audience was pleased with the dancing but many described the story as "irrelevant" or "old-fashioned". Ou Jianping, a ballet critic, said it was China's best chore-

ography. "It is a focal point of Chinese ballet, whether it is the Cultural Revolution or today." As for those controversial changes which the organisers had refused to talk about, they seemed to amount to making the beginning more concise and adding more *pas de deux* between the two lovers.

So was it still a political event? Wang Guoli, a 40-year-old accountant, said: "In my mind there is no political meaning now. But because children think differently from our generation, it is good to have this sort of thing. Nowadays there are too many pop songs."

Her verdict on the performance? "Quite exciting... *Swan Lake* is not as exciting!"

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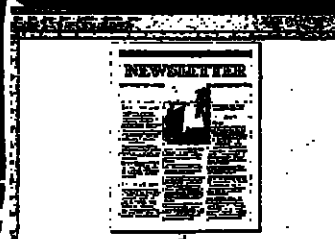
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SIGNIFICANT SHORTS

Syria's President, Hafez al-Assad, rejected an Israeli proposal to end its occupation of south Lebanon first before making full peace with Damascus. "Syria and Lebanon first - at the same time, in the same steps," President Assad said after talks with Egypt's President, Hosni Mubarak.

President Assad said Benjamin Netanyahu's offer, submitted via the US, raised little hope of a resumption in peace talks between the two countries which have been stalled since March. *Reuters - Alexandria*

Ethiopia and Uganda announced sanctions against Burundi as part of a regional blockade to bring down the military junta there. Tanzania cut its links to Burundi last week, blocking access to Dar es Salaam port, which handles most coffee and tea exports and 70 per cent of the oil destined for Burundi. Kenya followed suit, denying Burundi a route to Mombassa. *Reuters*

France vowed quick retaliation if its companies are affected by US sanctions against investing in Iran and Libya. Other countries have joined in the protest. EU members planned talks "in order to prepare eventual responses to American sanctions," a French Foreign Ministry spokesman said. The sanctions, aimed at Iran and Libya's oil production, on which Europe heavily depends, could affect the French oil companies Total and state-owned Elf-Aquitaine. *AP - Paris*

The United States and China finalised an accord that would remove Peking's objections to signing a treaty banning all nuclear weapons tests. But there was no sign that India was ready to accept the draft on the table at the talks. India's main opposition party, the right-wing Hindu Bharatiya Janata Party, urged the government to test and deploy nuclear weapons, piling pressure on the country's new leaders to block the treaty. *Reuters - Geneva*

Uganda stepped up its fight against Christian rebels with sweeping changes in the top military ranks and increased defence spending. President Yoweri Museveni announced an extensive shake-up, sacking eight top officers and rearranging 23 others, in a move to boost the fight against northern insurgents. *Reuters - Kampala*

The remains of a 16th-century king and queen, possibly linked to the mysterious ruined city of Great Zimbabwe, have been uncovered in a walled citadel in South Africa's Kruger National Park. The royal couple, the first whose remains have been found in southern Africa, were found at Thulamela, in the north of the wildlife reserve. *Reuters - Johannesburg*

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Alcohol and petrol are a killing mix



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It is selfish, dangerous and morally wrong to drive after two pints of beer. Anyone who does turns their car, or van, or motorbike into a killing machine. The Government should not prevaricate: it is time to cut the legal limit.

Almost everyone does it: two pints, several glasses of wine, "nothing over the top". Then, still well within the legal limit, climb behind the wheel and zoom home. But we know very well that every sip increases the chance of killing or maiming someone. Even a half of lager swilled by a sensible motorist at lunchtime raises the risk of an accident while driving back to the office in the afternoon. Concentration ebbs, judgement slows, and drivers fail to react as quickly to events on the road. Young drivers are worst. The under 25s are four times more likely to have an accident if they have drunk up to the current legal limit than if they have had no alcohol at all. But the policeman that pulls them over after several pints in the pub cannot prosecute, because they are not breaking the law.

The present permitted level of 80mg of alcohol in 100ml of blood - around two pints for the average bloke - is too high for someone who controls more than a ton of metal on public streets. The risk of a slight error of judgement is just too high to be acceptable, when it is so obviously avoidable.

The Scottish police want to bring the limit down to 50mg (around one pint). They say the lower limit could have prevented 213 fatal and serious drink-related accidents in Scotland between 1989 and 1993. Government figures suggest 14 lives a year could be saved in England and Wales, with the lower limit - worth some restraint over that second drink, surely.

Doctors agree. The British Medical Association represents the professionals who have to stitch the victims back together again. For years they have been calling for lower limits. Now the English and Welsh police are ready to add to the clamour.

Cutting the legal limit sets the standard, sends a message, and helps police make the streets safe. Alcohol and petrol are an inflammatory mixture. Anyone who flicks the ignition after more than a few glasses of wine should be prosecuted, fined, banned from driving, and in the worst cases imprisoned.

Why doesn't the Government act now? Because politicians think they already have a "winning formula" and they want to stick with it. Nonetheless, it is true that deaths on the road have fallen over the 30 years since the breath test was first introduced. But this is exactly the time to build on our success, not sit content with present levels of drink-driving. For the record, the number of drink-

related road deaths has stopped falling in recent years, and actually rose last year.

Last Christmas Steven Norris, the then Transport Minister, came up with a different excuse for avoiding a lower limit. He said it was not practical. But the Australians seem to have managed it perfectly well. Those lager-swilling Aussies have cut their legal limit, and claim substantial success in cutting their drink-driving levels as a result.

The Department of Transport seems to believe Britain is different. Mr Norris claimed: "There is no

point in setting the limit at zero or any other figure if people simply ignore it." Mr Norris is out of date. Five years ago his assessment of public support for a lower limit might have been accurate. Not any more.

Attitudes towards alcohol have changed. We don't drink and drive the way we used to 20 years ago. We don't drink and work in the same way either. The time was when colleagues who now stick to fizzy water would have tailed down the pub for several pints at lunchtime. JK used to stroll into his office each morning at Ewing Oil and hit the whisky. Clerks at the

Bank of England at the turn of the century actually had bars opened for them within Bank walls, so that alcohol could ease the strain of dull and boring work. Today employees who get sozzled over their sandwiches are frowned on. Years of drink-driving campaigns have changed people's perception of what is acceptable. In Scotland last year fewer than 1.5 per cent of the drivers stopped and tested were over the limit, compared to 19 per cent when seasonal clampdowns began a decade ago. Younger drivers are even less likely to hit the throttle after hitting the bottle: three-quarters of under-25s told recent surveys that they never drink and drive, compared to less than two-thirds of older drivers.

The police now think they can enforce a lower limit. Now that they have random breath testing, and stricter sentencing, the risks associated with getting caught over the limit are much, much higher. A one-year driving ban, for many of us, is just not worth thinking about; the inconvenience would be so immense. If the legal limit falls, most of us will drink less, partly because we accept that we ought to, and partly because of the risk of being caught. Slowly but surely we are moving towards zero tolerance of alcohol on the roads.

It has taken us a long time, but finally in Britain we are starting to

establish a mature approach to alcohol. In moderation, it is relaxing, sociable and might even be good for our health. It can be a delightful social lubrication. For that, we should enjoy it. But we should not pretend that we can drive at the same time. The Government should make our roads safer by setting standards that we all know make sense.

The ominous sound of a boom

The Ken and Eddie show is hooting up. The Bank of England disapproves of the last cut in interest rates. In fact, it thinks inflation may take off in two years' time unless rates go back up again soon.

We've been here before. The Bank's chief economist hopes Ken Clarke won't want to join the list of Conservative chancellors to bequeath their names to inflationary booms. But like Maudling, Barber and Lawson before him, Mr Clarke may be too optimistic about inflation or too pessimistic about the election to raise interest rates in time. How dull. There are so many economic mistakes to be made. Why do we in Britain always have to make the same one?

LETTERS TO THE EDITOR

Effects of abortion on the lone twin

Sir: I am a lone twin and lost my sister in the womb. I know of many other lone twins in my position and we are all testament to the fact that losing a twin *in utero* is a devastating event that affects the surviving twin deeply throughout its life, even when the survivor is not told that it was a twin ("Doctors defend abortion of twin", 5 August).

The suggestion that the child will resent its mother for causing its twin's death is only half the story, as this assumes that the child will be told about the circumstances of its birth. Even if information about the abortion of its twin is kept from the surviving child, it will nevertheless suffer the severe emotional effects of bereavement. The only difference will be that it will simply not be able to understand or explain why it has those feelings.

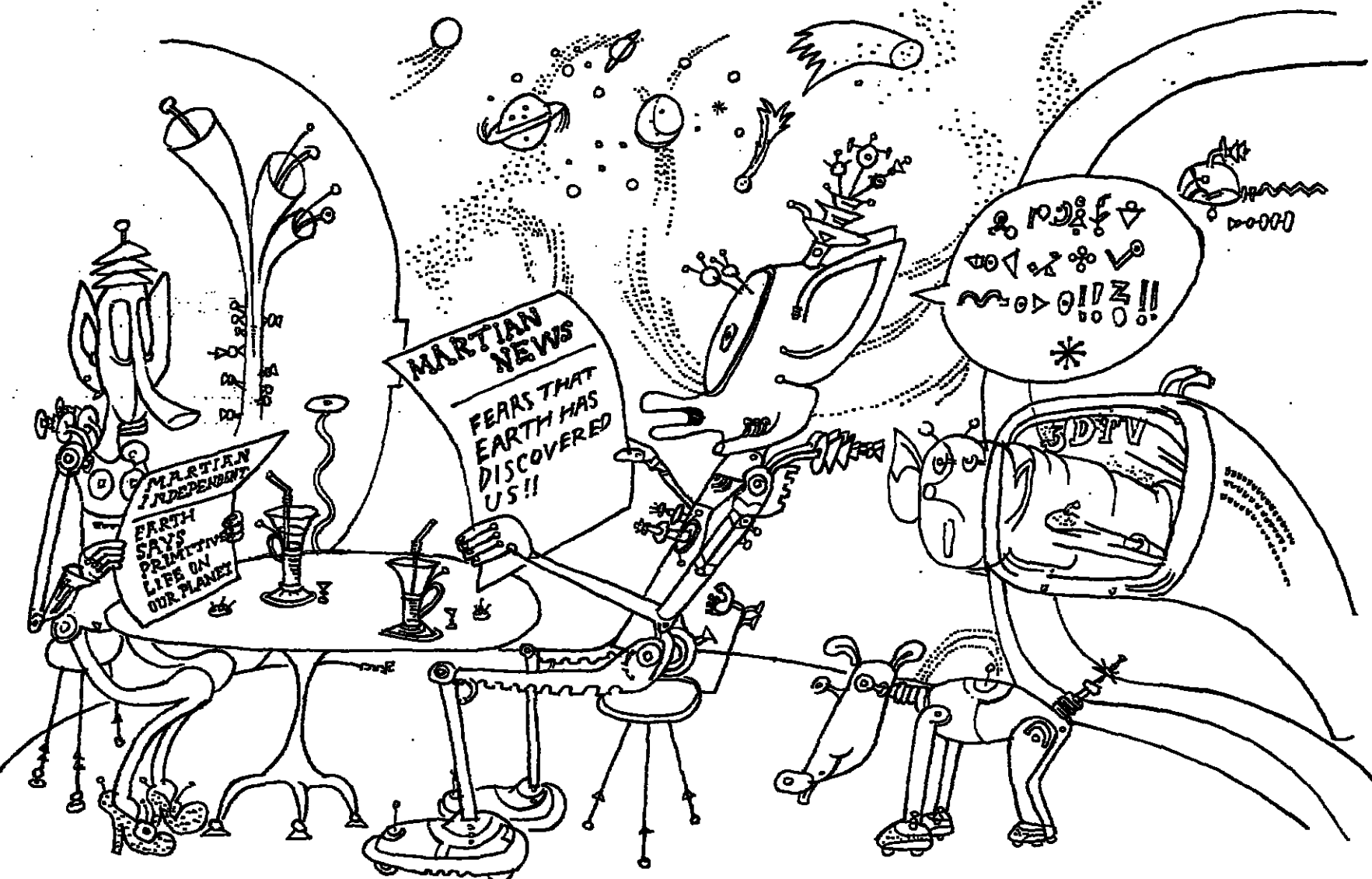
There have been many cases of lone twins who have not been told that they were a twin, but who have suffered intense, unexplainable feelings of bereavement and guilt all their life. They finally discover the truth after years of suffering, often when they are in therapy for depression or anxiety without an obvious cause, and only then can they finally begin to make sense of their feelings and come to terms with their loss.

Queen Charlotte's Hospital has, until this year, held the register of the Lone Twin Network, a group comprised of twins who have lost their twin at any point in their lives. I am appalled that the very hospital which has been involved with the Lone Twin Network and research into twins has now taken the decision to create a lone twin by deliberately killing one baby.
BRYONY GOODE
Clevedon, Avon

Sir: I am writing as someone who did the first research study into the effect on twins of the loss of their twin. I was horrified to hear of the so-called solution to the problem for the single mother, (overburdened by the expectation of twins, to have one killed *in utero*). All the findings of the study and from lone twins meeting through the Lone Twin Network, would confirm that this is an utterly inhumane decision. Surely the twins could be fostered, kept together and brought up in the knowledge that their mother wanted them, but was unable to care for them for reasons beyond her control?

Alternatively, one could be adopted and this too be made known to them both, so that they could meet up later. To kill one off because two cannot be cared for, is to deny the importance of their twinning. The one who is born will never be a singleton and will have the loss of its twin imprinted on it for the rest of its life.
JOAN WOODWARD
Psychiatrist
Birmingham

Sir: I am a single mother of twins, an unplanned pregnancy, despite contraception. Their father stated that if I did not abort he was leaving. I am not a teenager, I am over 30. The last two years have been the most difficult of my life, but I am so glad I did not bow to pressure and abort the twins. Thanks to the generosity of a friend, who paid for some help, we survived.



* HOW DARE A DUMP LIKE EARTH, CALL US PRIMITIVE! *

Various friends old and new, the Life Organisation, and the Twins Club all rallied round and helped in many small ways which saw us through. Yes we are surviving, only just, on benefits.

I am a resourceful woman and yet it is impossible for me to get back to work until my children reach school age. Lack of childcare facilities and low benefits keep women with children in poverty and unable to fulfil their potential.

Various pro-life organisations have suggested setting up a fund to ensure that no woman has to abort due to financial pressures. I wholeheartedly support this. It would have saved me two years of anguish to have had a little extra help.
FIONA KIRTON
Glastonbury
Somerset

Sir: Our history, literature and mythology are littered with tales of mothers sacrificing themselves for their children. We hold nothing more dear than a mother's love and nothing is further from that ideal than a mother saying, "I will care for this one but not for that one".

But there is another side to this story. How would a mother in these circumstances have even realised that the option to abort one twin existed? After all, we are told this is the first such operation in this country. The idea must have been presented to her by a doctor. Why would a doctor have done this? Medical reasons? It is clearly not the case that this mother was incapable of bearing children and therefore needed an abortion, as she is now continuing to term with the remaining twin. Maybe the key is in the fact that

this was the first such operation in this country. Was there scientific kudos to be had from being the first centre to carry out the procedure?
IAN M. McILROY
Loughlin, Essex

Sir: The questions that need answering about the twin abortion case are the ones that have received the least attention:

1. Who gave the details of this case to the press?
2. What was their motive for doing so?
3. Are they going to be disciplined for breach of confidentiality and if not, why not?

MADELINE SIMMS
London NW11

Einstein's Oxford

Sir: David Bodanis ("The DJV University", 5 August) is being unfair to Oxford when he writes that Einstein "tried England, but Oxford did not take him favourably to Jews ... and he ended up in Princeton".

In 1931 Einstein was elected to a Research Studentship in Christ Church for five years, with the proviso that he would spend one month in every academic year in Oxford, and his annual stipend was £400 - about one-third of the full professorial salary - and free board and lodging.

Furthermore immediately after the Nazis came to power Oxford received many scores of Jewish refugees.
N. KURTI
Emeritus Professor of Physics
Oxford University

Change unfair police procedures

Sir: You report that no police officers will be prosecuted over the death of Wayne Douglas (Significant Shorts, 6 August). We have a largely white police force whose record on fair policing of the black community is very questionable and where statistics on, for instance, stop and search demonstrate that a black person's chance of being stopped are much greater than a white person's.

Furthermore, when such a death occurs the investigation is carried out by police officers themselves. While the Police Complaints Authority has a role in supervision it is police officers that carry out the real work. An indication of the success of this system is shown by the percentage of complaints that lead to charges being preferred against police officers - only one per cent. There are no figures on the relative "success" of complaints from black people.

While many police officers are scrupulous in their investigations their role inevitably taints the investigation. The relatives of the person who has died and the black community more generally are not likely to be reassured by such an investigation that everything was done to uncover the truth.

Finally, when the case is dealt with by the coroner's court there is again an unfair system at work. For instance, the police officers themselves will be represented by lawyers as will the Metropolitan Police and both these groups will have access to all the evidence and

documents. The relatives of the person concerned will rarely, if ever, have legal aid or access to the documents and evidence.

Whilst people are dying when being dealt with by the police it is time to change the procedure and time to set up a truly independent system to investigate these cases.
JOHN WADHAM
Director, National Council for Civil Liberties
London SE1

Design for Wales

Sir: It is well known that the Zaha Hadid design for the much needed Cardiff Bay Opera House did not find favour amongst local people, in much the same way as Sir Christopher Wren's design for St Paul's Cathedral was received in its day. The design was not, however, rejected because, as Jonathan Glancey suggests (article, 6 August), the Welsh were too backward to appreciate it.

There is strong feeling in Wales that the country did not get a home for its world-renowned opera company precisely because of the location. The money instead went to its rugby stadium (we Welsh being lovers of sport not culture). Many people feel aggrieved by the apparent regional bias towards London in Millennium Lottery handouts and Mr Glancey's comments merely serve to perpetuate the myth that other parts of the country don't deserve such grand plans.

C. MAHONEY
100105.2235@CompuServe.COM

American phones

Sir: Regarding the proposed changes to telephone dialling codes (report, 6 August), why is it that, in America, with a population of almost 300 million, a simple three-number area code, followed by a further seven numbers, has proved to be sufficient to satisfy the demand for additional phone lines ever since it was introduced; and why could not such a system be introduced in Britain?
ALAN EARNLEY
London W13

Bogus bard

Sir: In claiming that Shakespeare wrote Acts I, III, IV and V of *Edward III*, Dr Eric Sams ("Much ado over 'new work' by the Bard", 6 August) has effectively dismissed my most recently published stylometric evidence that Shakespeare in the main wrote only Act II, that the play represents the work of two authors, and that at least two adjacent "scenes" are likely to be the work of the playwright who wrote *Tambrulaine the Great*. These findings do not essentially conflict with the received opinions of most literary scholars regarding the authorship of the play.
THOMAS MERRIAM
Basingstoke, Hampshire

Whistling spies

Sir: Is not the shop-a-cheat principle the same as the whistle-blowing principle? Why then is this government in favour of the former but not the latter?
JUAN LLOYD
Swansea, West Glamorgan

Olympic history repeats itself

Sir: The present outcry about Britain's poor showing in the Olympics ("Black South Africa breaks through, but Britain trails behind", 5 August) echoes with uncanny precision the controversy which raged after our athletes had performed below expectations in the 1936 Games in Berlin. The main worry was a feeling that England had somehow "gone soft", and commentators struggled to pinpoint the reasons for our decline.

One writer blamed democracy, "the shibboleth which encourages mediocrity and does away with virility." Our failure in Berlin, he wrote, "should give a jolt to our national complacency. England is admittedly the mother of sport, yet the pick of her athletes have been outclassed."

Others pointed out that Britain had no effective system of national coaching, and that until British athletes got help, in the form of money and organisation, on the scale that other countries already enjoyed, they would not begin to compete. What Britain needed, wrote one former medalist, was a ministry for Health, Sport and Recreation.

The key question was this: "at what point does sport end and political manipulation begin?" Those who watched the Games in Berlin came home disconcerted by the way the Nazi passion for mass exercise had apparently toned up the entire nation, and in 1937 a delegation which went to study Hitler's system came home reporting that excessive physical education in a whole nation with the size and standing of Germany "might lead to fearful consequences for her and trouble for the entire world."

Should we remain amateurs or all turn professional? Then, as now, people found it impossible to decide.
DUFF HART-DAVIS
Uley, Gloucestershire

Sir: I fear that Godfrey Hodgson has missed the point in his otherwise penetrating analysis of the American dream ("US takes first prize for self-delusion", 6 August).

The trend within American society, discernible before the Reagan era but undoubtedly accelerated during his presidency, was away from big government and back to individualism. Enormous public funding of any social good was and is seen to be essentially "un-American".

The American way is for those with talent and or the will and determination to succeed through their own efforts to prevail, preferably overcoming massive obstacles along the way.

Consider, for example, arguably the biggest winner at Atlanta, sprinter Michael Johnson. During the early part of his career he was ignored and ridiculed by the athletics fraternity for his awkward style which was pronounced "wrong". Now, as a world record holder and Olympic champion in two major track events, his place in American sporting and cultural folklore is assured.

It is interesting, but ultimately pointless, to combine the medal achievements of the European Union and the European continent.

As Mr Hodgson obliquely concedes Europe is not united; it is not one country.
KOFI A. DWINFOR
London SE21

analysis

CHRIS PRIESTLEY

Time's up: we must decide on the euro

Donald Macintyre (left) examines the disarray in Britain's political parties as the single currency looms, while Tony Barber reports on continental enthusiasm

Michael Portillo's remarks on the single currency last weekend were a triumph of coded delivery. The most forensic examination of the text reveals not a word out of place, not a hint of deviation from current Cabinet orthodoxy. Yet it formed an important message to dissidents rallying for the last big internal struggle within Tory ranks before the general election. So sensitised is his party to every nuance of the European argument that by merely saying that Britain would have to decide "quite soon" on the single currency, the Defence Secretary was able to reassure the Euro-sceptic right that their Cabinet colleagues are preparing once again for battle. The formulation was calculated to draw attention to the imminence of that momentous decision.

Few Tories now talk of persuading John Major to rule out British membership of EMU for the duration of the next Parliament. Instead, the new fashion on the right is to press for a "compromise" under which the Prime Minister would rule out, in advance of the election, the prospect of joining it by the starting date of 1 January 1999. Such a formula, its Euro-sceptic protagonists argue, would allow the party to show its true colours without losing the chance to join monetary union later if it proved to be a success.

Their case is seductive. Can Mr Major really go through an election saying he hasn't made his mind up on the most momentous decision a new government will have to take? After all, the EMU timetable will force whoever wins to make that decision within a few months of taking office.

Some on the right now recognise the catastrophic consequences of provoking the resignation of the pro-European Kenneth Clarke. Instead, they suggest that the Chancellor and his ally Michael Heseltine will be persuaded that, with the ratio of public debt to gross domestic product currently above 4 per cent, it will be impossible to bring it down by 1997 to the 3 per cent required by the Maastricht treaty as a precondition of EMU membership and that there is no harm in admitting as much before the election.

This way, Mr Clarke need not resign. After all, has he not frequently and publicly stressed the importance of sticking rigidly to those preconditions? Finally, isn't there still a danger that Tony Blair will play the populist trump card and rule out the prospect that a Labour government would be an EMU founder member?

Seductive, yes. Persuasive, no. Let's take Labour first. It is certainly possible, if not probable, that the more Euro-sceptic Robin Cook will seek to persuade Mr Blair and Gordon Brown that Labour would do well to rule out Britain's joining at the starting date. Neo-Keynesian to the last, he might seek to argue, for example, that the first Labour budget for 18 years should not be constrained by the need to keep borrowing down to EMU-acceptable

levels. The problem is that Mr Brown himself will be pulling Mr Blair the other way. If anything, Mr Brown is more likely to argue that the party should be more positive about EMU than it has been in its carefully neutral draft manifesto. In that way, if it decides to join, it could argue that the general election had given it a mandate and therefore would not have to put such a decision to a referendum.

For all the signs are that Mr Brown, like Mr Clarke, is deadly serious about keeping open the possibility of joining EMU.

The backbench left-wing argument against EMU is different to that of Tory Euro-sceptics. It is about economics and not the issue of political sovereignty: you can't devolve or renege at will if you are locked into a single currency. But neither Mr Blair or Mr Brown is going to run that kind of economic policy, in or out of EMU.

Given that a British government outside EMU will have to pay a premium, for example in higher interest rates, for running as tough a monetary regime as countries inside it, there remains a strong case for joining.

Labour's policy may well not change at all before the next election. But it is not likely to change in the direction the Tory Euro-sceptics would like.

Their wishful thinking about Mr Clarke isn't convincing either. He, of all people, is hardly going to offer himself up as the Chancellor who couldn't make Britain's economy qualify for the single currency. The current forecasts

are that the ratio of debt to GDP will reach the required 3 per cent, or close, by 1997. And anyway, even the most literal interpretation of the Maastricht treaty leaves some leeway in the criteria for EMU.

His Tory opponents are dreaming if they think they can rule out membership in 1999 without risking his resignation.

Mr Major, the party manager, will still be tempted. He should remember, however, that the Euro-sceptics have impaled themselves on their own success in persuading him to grant a referendum if a Tory government should decide to enter single currency. The argument that Mr Major should rule out a single currency before the election was always going to have less moral force if the people would get their say in the end anyway. Which is why Mr Portillo – and John Redwood, until he left the Cabinet and changed his stance in the heat of the 1995 leadership election campaign – were against the referendum pledge in the first place.

To rule out a single currency in 1999 would still, in practice if not in theory, rob the opt-out clause that Mr Major won at Maastricht of its purpose. It would violate one of the first laws of politics, which is not to take a decision until you have to. It would leave his Euro-sceptics asking for more, without remotely serving the national interest. It is not much of an exaggeration to say that it would do for his foreign policy in 1998 or 1997 what Black Wednesday did for his economic policy in 1992.

As the deadline nears for launching the single currency, European Union governments resemble a pack of middle-distance runners shifting into sprint mode for the finish. However, the aim of the race is not exactly to come first, but to breast the tape inside an agreed qualifying time.

Of the 15 racers, only three seem virtual certainties not to join monetary union from the outset. It is planned to start in January 1999, with the irrevocable fixing of exchange rates among participating countries. But Britain and Denmark have opt-outs from the euro, and Greece's economy is too weak to permit membership.

For most of the other 12 runners, the last lap is proving to be a rigorous exercise in financial self-discipline (some would say self-punishment) designed to ensure that they fulfil the Maastricht treaty's criteria for joining the single currency. Governments across Europe are preparing sharp cuts in their 1997 budgets so that their public sector deficits meet the Maastricht target of 3 per cent of gross domestic product.

If anyone in Britain doubts the political commitment of continental governments to monetary union, the scale of the austerity measures being introduced from Germany, France and Belgium to Italy, Spain and Portugal should dispel all illusions. Chancellor Helmut Kohl's government aims to cut Germany's deficit by DM50bn (£22bn) next year, or roughly 1 per cent of GDP.

In Spain, where an unemployment rate of 22 per cent suggests the need for an urgent programme of job creation, the government wants to cut the deficit from 5.8 per cent of GDP in 1995 to 4.4 per cent this year and reach the hallowed 3 per cent in 1997. Portugal's Socialist prime minister, Antonio Guterres, said: "It is vital for Portugal to be at the centre of the European integration process. We will have to be extremely tough in cutting expenditure."

Most governments are so determined to adopt the euro that they are willing to risk social unrest by taking unpopular measures at a time of high unemployment and sluggish growth. Yet despite taking so brutal a knife to public spending, some governments are doomed not to meet the Maastricht targets, which also specify a stable currency and low public debts, inflation and interest rates.

A recent study by Deutsche Morgan Grenfell, the investment house, forecast that only eight countries would meet the deficit target in 1997: Belgium, Britain, Denmark, Finland, Germany, Ireland, Luxembourg and the Netherlands. Only four would meet the debt target of 60 per cent of GDP: Britain, France, Germany and Luxembourg.

To dwell on numbers, however, is to miss the point. Monetary union is a politically conceived project, designed to set an eternal seal on European unity, and its supporters will not be deterred by "trivia" such as a budget deficit that

is slightly too high. As Luxembourg's Prime Minister, Jean-Claude Juncker, put it: "If Germany is 3.5 per cent and France is 3.7 per cent, it's OK. You're not going to miss an historic opportunity over 0.4 [sic] per cent of GDP."

This goes for the debt target, too. Monetary union is almost inconceivable without Belgium, whose capital is the EU's heartland, so the Belgians will join even though their 1997 debt will be far above 60 per cent of GDP – 130 per cent, according to Deutsche Morgan Grenfell.

Maastricht allows such flexibility because the relevant clauses say that a country's deficit can exceed 3 per cent if it is "exceptional and temporary". Public debt can exceed 60 per cent provided that it is falling to that level "at a satisfactory pace". Ultimately, political judgements will prevail.

It nevertheless remains vital that EU governments avoid giving the impression to financial markets that wobbly economies may participate in monetary union. If the markets take fright, they could destroy the project by stampeding into the German mark and dumping weaker currencies – just as they wrecked the old Exchange Rate Mechanism in 1992-93.

For this reason, it is improbable that all 12 countries will launch the euro in concert. Particular question marks hang over Italy, Spain and Portugal, yet this trio would bitterly resent the implication that they must languish in a southern second division while Germany and other rich northerners revel in a euro premier league.

In the countdown to 1999, perhaps the most important and unpredictable factor is the role of public opinion. People in most EU

countries have only a hazy idea of how the euro might affect their lives (and the European Commission's decision not to run an information campaign in this country speaks volumes about its view on whether Britain will join).

In countries with high unemployment (most EU states), or sensitivities about sovereignty (France and Sweden), or great devotion to their national currency (Germany), opponents of the euro will seize every opportunity to swing public opinion in their direction. If the euro becomes associated in people's minds with austerity and stagnant growth, it may never get off the ground.

However, no one in Britain should be complacent. The best guess now is that monetary union will happen, with Austria, Belgium, Finland, France, Germany, Ireland, Luxembourg and the Netherlands as the likeliest members from the start. The governments of the other seven (with the telling exception of Britain's) would all like to be there eventually.

If Britain is to reject the euro for political reasons, it needs to wake up sharp and confront some important questions. Can we prosper on the outside? Will the City retain its financial pre-eminence? What will remain of Britain's influence in Europe and the world?

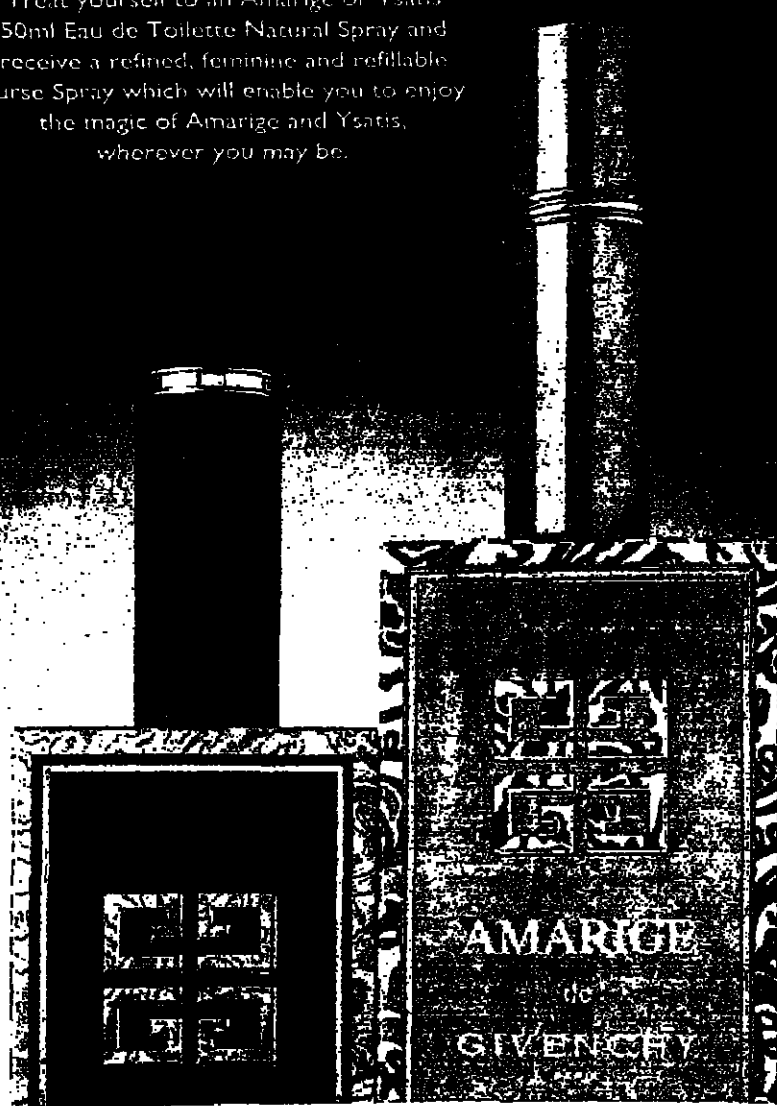
Ruling out EMU now violates the first law of politics: don't make a decision until you have to

Most governments are so determined to adopt the euro that they will risk social unrest

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Life on Mars – but not as we know it

ALH 84001 to Mars. ALH 84001 to Mars. Site report number 153. Greetings, Commander. I think we may have been rumbled. You remember that relatively complex organism that I mentioned in the appendix to my last report only 10,000 Earth cycles ago? Well it's come on a bit since then and, to be frank, has made my predictions about how the mammoth and giant sloth would between them inherit the Earth, look slightly off.

I regret this, as you can imagine, since I and the rest of the crew had put in a great deal of time and effort trying to establish friendly relations with creatures that are now to be honest – extinct. We abducted them, probed them, planted subliminal messages in their minds, and were getting on fabulously. Another million cycles and we could have been organising mixed marriages. Mammoth would have walked tusk in cilium with Martian. All to no avail: a couple of degrees of warming, a tiny retreat of the polar

icecaps, and all that's left is a pile of bones and tusks. It makes you want to spit.

So what about this new phenomenon? What's it like, and what does it know? First the good news. It thinks that the probe is a meteorite, accidentally dislodged from the surface of our planet by an asteroid, and that the crew are fossils. Some of the younger members are a bit narked by this, but most of us can see the funny side.

The other great error made by this being is its belief that we are, I quote, "primitive single-cell organisms, not unlike bacteria or viruses". As if there were some great virtue in being ungainly and over-engineered! Which is paradoxical since this animal spends much of its time trying to make things smaller and less complicated – mini-this and space-saving that ("the new chip that fits more information than ever before") – but cannot see the terrific advantages to being monocellular oneself.

So, while they're terrifically excited at the possibility



David Aaronovitch

of life on our planet (I know, given our billion-cycle seniority, the irony sometimes gets to me too), they think that (a) we're not up to much and (b) we're dead. It protects us for the time being, but is a little dispiriting. By the way, we are officially "hyperthermophiles". I must admit, I'd always had my doubts about you! (Only joking.)

The next question, I suppose, is whether we should now shift our focus to this organism, make friends with it and cultivate it – or stick to helping our single-cell relatives down here to enjoy a better life. There are some viruses and bacteria on Earth – good fellows, if a little naive

– who could do with our help. And as the mammoth, Neanderthal and dinosaur experiences suggest, our track record in picking winners on this planet is not exactly impressive. I sometimes wonder whether we're not bad luck.

Prudentially I have been in touch recently with a number of bacilli, and have tried to use them to make initial contact, but with very poor results. One episode in a place called Egypt, 3,000 cycles ago, simply led to the extinction of all first-born and the incorporation of the incident in some strange religion. A second try got called "the Black Death", suggesting a lack of enthusiasm for the process. I have to confess that Ebola wasn't much more welcome. You sometimes feel like yelling out loud, "What's your problem! We're just trying to be friendly!" But being monocellular hasn't left room for much of a voice.

An amusing aspect of an otherwise dismal picture is the amount of effort expended by the animal on

entirely fictional meetings with beings from other planets: beings who always seem to bear an uncanny physical resemblance to an organism which must surely be one of the most bizarre and unlikely in the universe. I've been contemplating getting the crew together in the shape of a humanoid, abducting some porky housewife from Birmingham, levitating her, giving her a good seeing to, and then setting her free to tell the tale; but the Alpha Centauri have got the copyright on that one, blast them.

I am sorry that this communiqué should be so negative. Still, it was great to hear about the successes of the missions to Uranus and Neptune. Personally, I always thought that we were more likely to find really intelligent life there – they're so much quieter.

Please give my love to my husbands, and tell them that I look forward to returning home, and spending a vacation on a luxury blob of carbonate, just floating down a canal.

سكزا من الاموال

the commentators

THURSDAY DARTS

John Walsh

Mick Hucknall was having a chat with Ruud Gullit (What about? Conditioners?)



I think it was the sight of the scarlet-robed Hussar in full 19th-century regalia and Lord Kitchener's moustache, as he advanced up the stairs towards me, that suggested it might be time to go home. I had taken the Sic-Mo Spaceman in my stride: I'd got used to the Whirling Roadie; even the memory of the Mummified Martian had started to fade after midnight. But the arrival of the gay Hussar - that was seriously weird.

It was the night of *Independence Day*. Although my life is, of course, a whirlwind charivari of madcap public events, an invitation to the European premiere of America's top summer movie is still pretty hard to ignore. Leicester Square was crammed, my dear, with aspirant star-shoppers straining behind barricades for a glimpse of celebrity flesh. I have the true cineaste's contempt for that sort of carry-on, so, wearing the simple homespun garb of the ordinary filmgoer - bolo tie, wraparound mirror Ray-Bans, David Bowie stiletto heels and the word "Slave" carved on my cheek - I slipped



Jeff Goldblum treasuring his independence

quietly into the Odeon Cinema.

From my glamorous vantage point in the Upper Circle (the far corner of Row N, up there with the permafrost and the projectionist's discarded slippers) I watched the celebs come and go. Vanessa Feltz appeared wearing a charming broadsword festooned with seed pearls. Mick Hucknall, the mellifluous singer with the Simply Red barbershop combo, squinted a young woman, the tops of whose stay-up stockings were perilously on display. One of the boys from *Men Behaving Badly* amusingly dropped his ice-cream on his shoe. Ah, the glamour of renown.

The film was complete bliss, in its brainless and derivative way, contriving to echo, at various points, *Alien*, *Star Wars*, *Close Encounters*, *The American President*, *Top Gun*, *True Grit*, *48 Hours*, even a bizarre 20-second nod to *Showgirls*. The best non-special-effects bit was when the action switched between a dozen combat units around the world, all of which were getting orders for the final shoot-out, and discovered a trio of Brit officers in (I think) the Iraqi desert, saying "About bloody time, too" in wizard-prong tones, at which the audience cheered lustily.

Afterwards we milled about in front of TV lights and sound booms like fluffy cats cruelly impaled, then everyone roared off in coaches for the Earth Gallery in Kensington. There, once you'd got past the bouncers, a revolting, mummified alien in a glass case with Prince Charles ears but no nose or mouth, and a Michelin-man-sized spaceman who bobbed slowly through the crowd, miming weightlessness, the design highlight was a glowing planet suspended at the top of an escalator. At the top, you did not, however, encounter a new plane of being; you encountered a tray of Moscow Mules (which amounted to the same thing).

tered a tray of Moscow Mules (which amounted to the same thing).

The Gallery is part of the Science Museum and there was something inescapably decadent about munching your hamburger among the ancient exhibits of quartz and silica. But then elemental rockery and dressy sophistication were the order of the night. Silica deposits enhanced the silhouettes of several women in black décolletage. Two sweet-faced old ladies sat gossiping, oblivious to the fact that they were backgrounded by anthracite fossils. In the Igneous Rock room, a lanky Spinal Tap victim in crushed blue velvet and rectangular shades dashed hither and thither as if looking for a friend; it soon became clear he was trying to move in on Mick Hucknall once the latter had stopped chatting with Ruud Gullit, the dreadlocked football star (What were they talking about? Conditioners?).

Suddenly the haze lifted and someone introduced me to Jeff Goldblum, the film's bug-eyed star. I told him I thought he made a very believable scientific theorist. "I won't take advantage of that," he said. "You know, Jeff," I continued, "science fiction movies seem to me to embody a broad-brush existentialism, in which the identity of a whole society is forced to change, the better to explore its essence, its quiddity. One thinks of Kubrick's 'Barokovsky...' but unfortunately Mr. Goldblum had left the building some minutes before I finished speaking. The crushed-blue Hucknall fan did one last circuit of the room and collided with the strobe-effect spaceman. Up the stairs came the Hussar, part of some Moscow Mule promotion. Beam me up, I thought, Ridley Scotty.

British fans of *Twister*, the other big summer movie, will have marvelled at the tornado chasers, a gang of whooping propeller-heads who spend the film driving erratically across the American heartland and shooting "It's a T-S-I" as they pursue the dancing funnels. Their goal is allegedly to insert some complicated machinery inside a tornado that will help scientists gauge the future incidence of the things and save lives; but it's obvious that in real life these guys are all closet New Agers who just want to be

blown to hell by the elements - like the American surfing fraternity, but without the elegance. It couldn't happen here, you think, because a) the closest thing in Britain to these weather conditions are the tourados Rossini at Le Gavroche and b) British people have a more supine attitude to Mother Nature. You may get the occasional idiot fringe of bungee jumpers and wind-surfers, jumping out of cranes on Battersea Bridge or skimming around the sewage in Chichester Harbour; but the majority of us still prefer a little light sunbathing to chasing torrential rainstorms and the like.

That was before I took my children kite-flying on Saturday. Hearing there were some kite displays at a nearby airfield in the Wallops of Hampshire, I drove over with my old-fashioned, rhomboid-shaped kite with its ribbon-bow tail - and stumbled onto a whole new civilisation. Everywhere,



Hello Sydney: our new Olympic hope

vast, alien-invasion Uber-kites strained against the wind while their owners careered across the greensward at 50 mph in lethally dangerous three-wheel buggies. Modern kites whizz about the place like webbed boomerangs, threatening to slice your head open. Some of them are so complicated they require the use of three hands. And then you discover there's a small village of inventors, designers, maintenance men, cheerleaders and dreadlocked visionaries keen to explain to you about "ballet and precision" or "the Zen of kitesurfing". But one important thing came out of it. Did you know that, at the International Kite Festival in Japan last weekend, the UK came first, second and third in formation flying? Forget beach volleyball. Hello synchronised kiting. We must lobby the International Olympics Committee without delay.

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In search of justice: the Erich Priebke case has descended into farce and raised more questions than it answered Photograph: Vincenzo Pirto/Reuters

Why Italy cannot bring war criminals to justice

Italians have failed to face up to their Fascist past. This has led to farce in the Erich Priebke trial, and makes them unequipped to deal with war crimes, says Andrew Gumbel

Whatever one thinks of the Rome military court's decision not to punish Erich Priebke, the former SS captain who took part in the massacre of 335 Italian civilians at the Ardeatine Caves in 1944, one thing is clear: his case will go down in history as an object lesson in how not to conduct a war crimes trial. An affair that was intended to bring a little historical justice to the single most brutal incident of the Second World War in Italy has turned, instead, into an undignified farce, opening up painful old wounds while raising far more questions than it has answered.

The trial, which took more than half a century to come to court in the first place, was characterised all along by obfuscation and mystery. One witness threw himself out of a window on the morning he was due to testify, another was unexpectedly disqualified by the judge and others still were prevented from answering certain key questions. The prosecution accused the court of protecting certain vested interests, claimed that the verdict had been decided in advance and tried - unsuccessfully - to have the case retried with a different set of judges.

Last Thursday, the court appeared to confirm the prosecution's worst fears by finding Priebke guilty but ruling that his crimes were covered by the statute of limitations because of "mitigating circumstances": that is, the fact that he was acting under orders from his Nazi superiors. So outraged was the reaction to this ruling, both in the corridors of power and out

on the streets, that Italy's politicians scrambled furiously to counteract it. After several hours of frantic phone calls and careful consultation of the criminal law, the Justice Minister, Giovanni Maria Flick, ordered Priebke's rearrest, saying he was to be held in custody pending receipt of an extradition request from Germany. Now, Priebke is being interrogated all over again as he languishes in Rome's Regina Coeli

There has been no thorough investigation into Nazi collaborators

jail, the very place from which he plucked scores of the victims of the Ardeatine Caves massacre more than 52 years ago. The absurdities of the situation are glaring. First, that the court should go against a precedent stretching all the way back to Nuremberg and look kindly on the excuse of obeying orders. Second, that the Italian government should interfere so blatantly with the workings of a supposedly independent judiciary once the verdict had been reached. Third, that Priebke should be acquitted but still find himself in jail. And

fourth, that after campaigning ardently for Priebke's extradition from Argentina two years ago, the Italian government should now consider handing him over to another country in the hope of securing the conviction it could not clinch at home.

The heart of the matter is that Italy, both judicially and psychologically, is quite unequipped to deal with war crimes; if the Priebke case has bred only confusion and consternation, it is partly because the Italians have yet to come to terms with the complex horrors of the 1930s and Forties for themselves. Since the war, there has been little or no soul-searching about the complicity of ordinary Italians in the crimes of the Fascist state, and no thorough investigation into those who collaborated with the Nazi occupation in the northern half of the country after 1943.

Perhaps of greatest direct bearing on the court ruling is the fact that Italy has never amended its penal code to include the specific offence of crimes against humanity. The court could only judge Priebke on ordinary war crimes, and as a consequence became inextricably bogged down over the question of statute of limitations.

Unlike Germany, which hasn't stopped agonising about

its Nazi past, and unlike France, which slowly began to address the issue of war crimes and collaboration in the early Seventies, Italy has simply kept its old demons firmly in the closet. Largely this has been for reasons of national unity: Italy at the end of the war was bitterly divided between the Communist-led partisans and those who remained faithful to the rump Fascist state, the Salò Republic, and as many as

Italians may now realise what a mess they have caused

15,000 people were slaughtered in reprisals and vendettas. There were other dangerous cracks in the fabric of the nation, too: splits between republicans and monarchists, between the relatively prosperous north and the backward south and, with the Cold War creeping up, between Communists and anti-Communists. Under the circumstances, the country could ill-afford a protracted period of recrimination and self-criticism, so it passed an amnesty law exonerating all but the most heinous of crimes. There was

no purge of Fascist officials, not even in the police or the judiciary, with the result that any cases that might have come to court were quickly buried.

The only crime to be dealt with in the immediate post-war period was the massacre at the Ardeatine Caves, which was just too big an event to ignore. But even this first trial was a farce, since only Priebke's superior, the Gestapo chief Herbert Kappler, was given a jail sentence while five others were acquitted - again on the grounds that they were obeying orders. Priebke, who was on the run by then but whose role was well known, was not even mentioned in the court documents.

It now appears hundreds of war crimes, even the ones committed by Germans, were systematically ignored by military prosecutors in the Fifties and Sixties. One of the SS members to feature prominently in the latest trial, Karl Hass, was allowed to live quietly in the Milan suburbs for years; to keep Nazi hunters off his trail he was even officially registered as dead.

It seems unlikely that the Italians will ever embark on a thorough examination of the sins of the past - especially now that the National Alliance, heirs to the post-war neofascist movement have re-entered the political mainstream. The prevailing talk is of reconciliation and consensus, not of stirring up old demons.

But the absurdity of Priebke affair, and the outrage it has provoked, may still achieve one thing: to make Italians realise what a mess they have caused by failing to deal with some of the basic issues of war crimes and their consequences a long, long time ago.

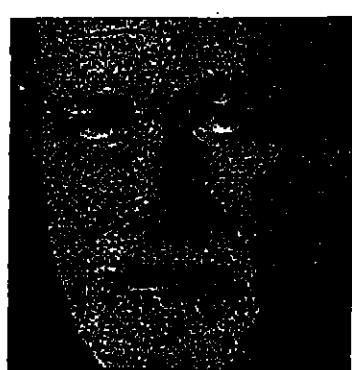
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WEEK 1 DAY 4
Freud

VISITING LECTURER: David Bodanis

There will be a final examination at the end of the term (9th September). Graduates will be awarded a diploma and subscription to *The Independent*



like to think of Freud as a Victorian explorer, gilding his hot-air balloon over dense jungle at night. Strange tribes are busy down there; strange rituals are taking place around the scattered fires, which no one else had ever thought existed. He alone has been brave enough to fly here, and now he peers down, restraining his excitement, notepad at the ready to record the distant cries. He can dimly make out the tracks and villages through the gloom.

To Freud this jungle is the strange world of our unconscious, and the way in - those first scattered fires he glimpsed - is through our dreams. This is why he asked his patients, stretched out on the stacked cushions of his couch, to relax, not to be embarrassed, and to call up the memories of their latest dream.

It was appalling stuff. There were fine, upstanding citizens of Vienna walking around who had had visions of murder or desperate lust in their minds just hours before. It was hard to work out at first, his patients' consciousness minds, agitated at what was being revealed, would try to hold back the worst evidence. In one dream, an English-speaker reported that the bot-

tom of his shoe fell off. He hurried through the streets, screaming for his wife or friends to help him find it, but they refused. "My sole! My sole!" he cried. The dream seemed to make no sense, until Freud suggested that what he was worried about was his soul - and that this dream was the closest his unconscious could get to revealing it.

Sometimes, though, Freud was less impressive, as in the case of Dora, the now famous 18-year-old who had the misfortune to enter his study one day in 1900. She'd been sent by her father, both because she had an anxious cough, and because she was apparently concerned with an older man, named Herr K.

As the analysis began Freud said straight away that she was in love with her father. She told him, no, that wasn't the case at all, but he insisted. Then he asked about her dreams, and she told him one where, among other things, her father insisted on saving her from a burning house. This could have meant, say, that she was somehow fond of her father. But Freud was insistent: this meant that she loved Herr K.

Next Dora told him about a horrible time, back when she was 14, when Herr K had invited her to his office, then

grabbed at her, pressing his "erect member" against her until she had recoiled in disgust. Well, Freud said calmly, her disgust was clearly displaced love. For shouldn't a normal woman be pleased by such a contact? After all, he personally knew Herr K, who was a handsome man. Dora had just displaced her desire upward, to her throat, which is why she had the cough.

Dora broke off the sessions, but Freud wasn't bothered. "The 'No' one hears from a patient with a repressed thought," he wrote, "only registers the repression. If one disregards it, and continues the work, proofs will soon appear that 'No' in such a case signifies the desired 'Yes'."

The problem arises wherever one authority has insight into the truth, which others, mere mortals, are blocked from because of their delusions. Even with the best will a psychoanalyst often ends up working blind - the piercing searchlight reveals no more than the operator's trembling hands - which has led to a sometimes embarrassingly low cure rate.

This flaw didn't matter in 1920s America, where psychoanalysis first took off. It was simply taken as giving a justification to having fun, since you can never tell what damage you might do by hold-

ing your inner passion back. Radicals in numerous countries used it to undercut authority, for 'who would believe the pronouncements of an emperor or king who was subject to these unspeakable passions?'

Disillusioned radicals could use it, too. Arthur Miller bitterly remembers his activist colleagues slipping, one by one, into the indulgence of long, private analysis in the 1950s, and giving up on the world around them.

What remains of Freud's ideas? There's the original viewing of the night-revealed depths; the truth-tellings that force themselves out even in daytime slips of the tongue; the whole vision of our shaped-by-childhood traumas, or deep, hidden desires.

For the fact that you can't tell for sure which interpretation of them is right doesn't mean that no interpretation is true; that the unconscious is not, really, constantly trying to fight its way out. That's the final twist, the ultimate, obscuring tree cover over Freud's new continent. We can peer down all we want, but because of those inherent distortions, we'll never know, for sure, the meaning of what we've seen.

obituaries / gazette

Frank Marcus

Frank Marcus was an actress's dream: a playwright who wrote rewarding parts for women. Not since the heyday of Rattigan, Coward and Maugham had there been an author who could be relied on to treat in the theatre the supposedly weaker sex with such sympathetic strength.

Not that he was a feminist. His plays never delved into the position of woman in modern society or anything pompous like that. They did however remind us that among the educated classes woman is apt to get the upper hand; and to keep it.

And when two women are living together? This was the provocative subject of his best-known work, *The Killing of Sister George* (1965). Beryl Reid and Eileen Atkins brought it to life at the Bristol Old Vic in its days as a try-out base for new West End plays, with Reid as a grotesque soap-opera actress on the wireless who is about to be fired after years of sterling service, and Atkins as her pale, round-eyed and mousey companion who keeps the home fires burning.

"Drink my bath water!" ordered the burly Reid of her sullen housemate; and we all swallowed hard. What would the censor say? His rule over the stage had three years to run and lesbianism was never a subject we imagined he could tolerate.

It was not, however, a play "about" lesbianism. Indeed Marcus was very careful to make sure the word was not mentioned. It was about the way women exercised power, as last year's West End revival reminded us – and as Robert Aldrich's American film, with Beryl Reid again in her old part, and Coral Browne replacing Lally Bowers as the boss lady from the BBC twiddling Susannah York's nipples "as if dialling an or-



Marcus: truthful quality

gasm", so absurdly misjudged it. No wonder Marcus never had anything to do with it.

Yet that is the reputation he is still stuck with, sexual exploitation. What it seemed to be in the first place at Bristol was a satire on the way *The Archers* and such-like programmes take a hold of the domestic listener's imagination to such an extent that they really seem to be existing. It also teased the idea of an actress of no great talent yet who got a lifetime's employment playing one role.

And that is what it seemed again last year at the Ambassadors. During the Lord Chamberlain's rule however it was bound to seem more sensational and so the reviewers expressed their surprise and the show became a success.

Marcus was himself a distinguished critic, notably for 10 years on the *Sunday Telegraph*, in succession to Alan Brien; and was to prove not only one of the wisest commentators of his day but also, with his European background and early experience in the London fringe as an actor, one of the best-informed reviewers on the whys and wherefores of success or failure in the contemporary theatre.

Goodness knows he had had

plenty of experience of the hazards of dramaturgy; but then he had plenty of experience of altogether other matters since he fled as a small boy with his Jewish family to England in 1939. Yet he was never a political playwright. Nor did he wave the feminist banner, even if almost every play he wrote made it clear that the weaker sex usually ended up on top.

He was shrewd enough as a dramatist never to sound critical about that. His attitude simply came as a breath of fresh air but of an observed fact of life. It was incorporated in his characters.

Whether there was more than one female character at root was sometimes debated, for the person he wrote about with most warmth and sympathy was a young woman, usually called Cleo. Very 1960s-ish in attitude and manners, she furnished not only the heroine of a play of that name in 1963 but also several other comedies about such breezy, bright, independent young persons who come and go as they wish and are inclined to make their menfolk look amusingly inadequate or dull.

Was she derived from Marcus's translation of Schnitzler's *Reigen*, best known as the film *La Ronde* with its succession of sexual encounters? She might not always get her way in Marcus's plays (of which several were also seen on television) but she was always viewed with sympathy and cropped up again in such plays as *Studies of the Nude* (Hampstead, 1967) and his last main West End work, *Notes on a Love Affair* (Globe, 1972), a somewhat Estrandellian and too self-conscious comedy about his own craft.

There was, necessarily, an older or more sophisticated woman in many of the plays and she came sardonically forward in his first West End success,

The Formation Dancers (Arts and Globe, 1964). It teased with elegance, lightness of touch and shrewd observation the pretensions and desires of the London middle-class intellectual set, with one drama critic seducing another's wife and one of the women getting her own back and, understandably, it never had much of a run.

It seemed however to this critic in the stalls as if a new master of intelligent, wary comedy had come on the scene because its dialogue was so smooth, dramatically productive and rich in character.

Bringing both sexes to life on stage defeats most two playwrights; but Marcus had been at it for 14 years since his days with the so-called International Theatre Group and the Unity Theatre. So, here was something to celebrate.

Evidently it was the author's own favourite, and it enjoyed a good revival at Hampstead in 1971, where most of his work was apt to flourish; and the same dextrous dealing in casual encounters between men and women gave pleasure on a similarly perceptive scale in *Mrs Mouse, Are You Within?* (Bristol Old Vic and Duke of York's, 1968), where the young pregnant heroine dithered maritally between two rather dull men, the black father having absconded. It was a suburban tragedy but viewed as comedy; and again it should have been a hit.

No wonder if later that year Frank Marcus seized the chance of a post in Fleet Street as a drama critic and held it – in spite of the ravages of Parkinson's disease and the challenge of travelling – for 10 years.

To what extent his ever affable, charming and talented wife Jackie, a former fringe actress with whom he adapted for television *La Ronde* in 1982 and no



Beryl Reid, centre, in Robert Aldrich's 1969 film of Marcus's *The Killing of Sister George*

Photograph: Ronald Grant Archive

doubt worked closely on many other pieces, influenced his art or attitudes to women, it is hard to say.

Once he got what was in those days a secure and respected position the experienced playwright knew that there would be little time left for creative writing of the kind which had alerted the theatrical world in *The Formation Dancers* and *The Killing of Sister George* to a new and remarkable talent.

It would be rude to say that critics are two a penny. It is just that editors seem to treat them that way. In any case Marcus had a background that gave special authority to his reviews. He had been writing in the *London Magazine* and *Plays and Players*, where some of our best critics

got their training; and he had his causes, like all critics, his being the mid-European theatre of Molnar and Wedekind, and the contemporary mime Marcel Marceau.

But playwrights of Marcus's disposition and truthful quality cannot be had (or at least kept) for love or money. So, although the playwright appreciated his wit and experience as a weekly guide mainly to the London theatre – he was hardly fit enough to get much further – his potential as a playwright was something infinitely scarcer, as any leading actress of today or yesterday will tell you when you ask her why she is not working on the stage. The parts aren't there, except in the classics.

Meanwhile let us be grateful that Marcus put so many of them in his debt. Not only Beryl Reid, whom he rescued from intimate revue, and Eileen Atkins and Lally Bowers, but also Margaret Courtenay, Barbara Leigh-Hunt, Irene Worth, Maxine Audley, Joanna Dainton, Julia Foster, Jane Asher, Miriam Margolyes and who knows how many others, had he not had the call to function on both sides of the curtain?

Even with an agent as vocal and eloquent as the late Peggy Ramsey to cry his wares around the managers, he was subject to the demands of fashion – demands for left-wing plays, social realist dramas, sex plays of all sorts and effusions by angry young men. So he cannot be

blamed for doing more service to the theatre as a guide than as a playwright.

He may be best remembered as the champion of lesbianism, but it was really as the champion of the female character in all its aspects, amatory and maternally; and on those grounds he seems to have stood alone for his generation. It is just a pity that he could not stand it longer.

Adam Benedict

Frank Ulrich Marcus, playwright and critic: born Breslau, Germany 30 June 1928; Theatre Critic, *Sunday Telegraph* 1868-78; married 1951 Jacqueline Sylvester (died 1993; one son, two daughters); died London 5 August 1996.

Charles Hadfield

Charles Hadfield was the doyen of canal historians. For the best part of half a century, the first response of anyone with a query about any aspect of the subject has been to "look it up in Hadfield".

One did so knowing that everything he wrote was based on meticulous research, endless hours reading the usually dull company records accumulated over the last two centuries, in order to be sure of finding the vital entries that would clarify and bring the subject alive.

His most famous book, *British Canals*, first published in 1950 and now in its eighth edition, seemed to be all-embracing, but he showed how much more there was to tell in the series of regional canal histories begun in 1955. These are all essential reference books, which are dependable. But he was no pedant, and in *The Canal Age* (1968) he told the human story of the period, and showed something of the warmth and humour of his own personality.

He was born in Petersburg, South Africa, in 1909, where his father was an Assistant Resident Magistrate; in later life he was to plead a South African accent as an excuse for not giving radio and television interviews, though it would have taken the skill of a Professor Higgins to detect it. His father had been born in New Zealand and his mother was the daughter of a Devon vicar, and both were enthusiastic travellers: he estimated that he had clocked up around 50,000 miles by the time he was 14, which helped give him his lifelong interest in transport. South Africa also provided him with material for his very first published work, a schoolboy article on the diamond industry for the *Meccano Magazine* of 1925.

At the age of 13 he set off for England and boarding school near Tiverton in Devon. He loathed games, but enjoyed quiet walks down the Grand Western Canal, and, as no one seemed to know a great deal about it, he did a little research of his own, and a lifelong passion was born.

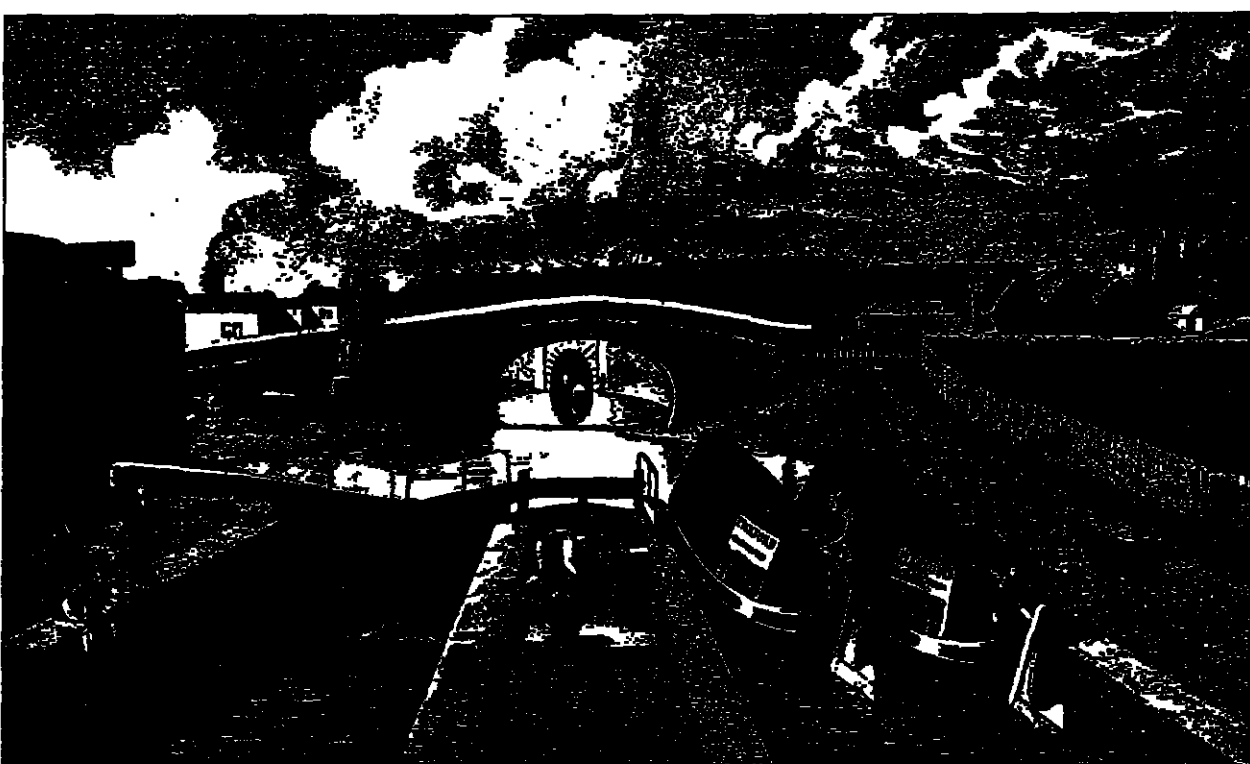
In 1928 he entered St Edmund Hall, Oxford, to read English but ended graduating in Economics. He eventually took a job with a somewhat eccentric bookseller, "Stonewall" Jackson, and became involved in the political world. He was elected as a Labour Councillor for Harrow Road, Paddington, at the very young age of 25.

By now, he was firmly committed to the world of books, and moved to a new job as departmental manager at the Oxford University Press. It was here that he met Alice Mary Miller. They married in 1945, and their relationship was marked by deep love and profound mutual respect.

At the outbreak of the Second World War he had become an Auxiliary Fireman in the London River Service, before being moved to the Fire Staff where he edited what was to become a standard reference book, the seven-volume *Manual of Firemanship* (1943-48).

During this time his own books began to appear, covering a variety of topics from a handbook for young collectors to a guide to political London. It was not until 1945 that he turned to canals, with *English Rivers and Canals*, written with one of his Fire Staff colleagues, Frank Eyre.

This was an important period in his life. LTC Rolt had just published *Narrow Boat*, and the two men felt that something needed to be done to preserve Britain's canals. The result was



Scene on the Regent's Canal, London, showing a pair of Piccadilly boats: an illustration from Hadfield's *British Canals* (1950)

the formation of the Inland Waterways Association with Rolt as Secretary. Hadfield as Vice-Chairman and Robert Ackman as Chairman. After early successes there were severe personal clashes and differences over policy, which ended with Hadfield and Rolt being forced out. Hadfield went on to found the Railway and Canal Historical Society with aims close to his own heart.

In the immediate post-war years he was Director of Publications and later Controller (overseas) at the Central Office of Information, which gave him the chance to travel again, through Africa.

In 1960 he got together with a young railway historian, David St John Thomas, to found the publishing house David and Charles. In the early years, the emphasis was very much on

their twin interests in transport history, to which they soon added an important series on the then very new subject of industrial archaeology.

It was always a highly individualistic company, which included some rather quirky titles. One speciality was facsimile editions, and in among such serious matter as first editions of Ordnance Survey maps one would find Victorian DIY manuals and telephone directories.

They proved that there was a market for such books but also demonstrated that it was possible to be a successful publisher without a London base: the offices were and are at Newton Abbot in Devon. Hadfield sold his partnership in 1964, but remained as editor and author. In recent years, the company has been taken over by Reader's Digest and has become a general

non-fiction publisher, cutting out the old list on which success was built. Even *British Canals* now has a new publisher.

Charles Hadfield's considerable expertise made him an obvious choice for the British Waterways Board set up in 1962 after the waterways were nationalised. He was as interested in the future of canals as he was in their past, and was an enthusiastic advocate of making more use of the major waterways for freight haulage. It has been something of a lost cause in face of the noisier clamour from the road lobby.

In spite of all the commitments he never gave up writing: his last book, *Thomas Telford's Temptation*, was published in 1993. There was, however, a melancholy edge to his final years. His wife died in 1989 after a distressing illness and he

could never quite come to terms with the loss.

The personality that appears in the books can seem a little austere, but those who knew him were aware of immense charm and great good-humour. He announced that on his death he was leaving his literary agent 10 per cent of the ashes.

His achievements were immense, and if the canals of Britain have survived to be known and loved today, that is due in no small measure to Charles Hadfield.

Anthony Burton

Ellis Charles Raymond Hadfield, canal historian and publisher: born Petersburg, South Africa 5 August 1909; CMG 1954; married 1945 Alice Mary Miller (died 1989; one son, one daughter, and one son deceased); died Cirencester 6 August 1996.

Evelyn Danzig

In the annals of Tin Pan Alley, there are many examples of "One-Hit Wonders" – songwriters who only ever managed a single enduring success. Einar A. Swan's was "When Your Lover Has Gone", Edward C. Redding's was "The End of a Love Affair", Brooks Bowman's was "East of the Sun and West of the Moon", Oscar Levant's was "Blame it on My Youth", and Evelyn Danzig's was the affecting folk-style ballad "Scarlet Ribbons (For Her Hair)".

Born in Texas, Danzig showed early musical promise, and was sent East to study at the Academy of Holy Name Conservatory at Albany, New York. She later studied piano and composition in New York City with the Polish teacher, pianist and composer Sigmund Stojowski. As half of a two-piano team, she played on many radio stations. She composed incidental music for a theatrical adaptation of Nathaniel Hawthorne's *The Scarlet Letter*, but what she really wanted to do was to write songs.

In 1949 Danzig co-wrote "Scarlet Ribbons" with Jack Segal, the future lyricist of "When Sunny Gets Blue". Their ballad was first recorded by Juanita Hall, who was then appearing on Broadway as the original "Bloody Mary" in Rodgers and Hammerstein's *South Pacific*. Neither Hall's recording, nor those made at about the same time by Dinah Shore for Columbia or Jo Stafford for Decca, had any success.

In 1952 Harry Belafonte signed a contract with RCA Victor. His first recording session, made with an 18-piece orchestra, produced two flops. A second session, made with a five-piece combo, was equally unsuccessful. His third, made with just a male chorus and Mildard Thomas on guitar, includ-

ed "Scarlet Ribbons". It was released shortly before Belafonte began his first important nightclub booking, at the Thunderbird Hotel in Las Vegas. He featured "Scarlet Ribbons", and it went down so well that he made it an important part of his act. In 1956 RCA Victor, yielding to public pressure, re-issued Belafonte's four-year-old recording, and the song finally became a major success, with other artists rushing to record it.

In 1959 the Browns revived it for RCA, reaching the Top 20. "Scarlet Ribbons" has had well over a hundred separate recordings, by such disparate artists as Doris Day, Cliff Richard, Jim Reeves, Acker Bilk, Roy Orbison, Vera Lynn, Kenneth McKeel, Val Doonican, Jeri Southern, Perry Como, Emil Ford and the Checkmates, Grace Fields with Jess Yates at the organ, Duane Eddy, the Johnny Mann Singers, the Ray Charles Singers, David and Jonathan, Joe and Eddie, Nina and Frederick, Dick and DeeDee, Ken Dodd, Gene Vincent, the Bachelors, Mary O'Hara, Slim Whitman, Nana Mouskouri, Joan Baez, Sinead O'Connor, Frank Ifield, the Band of the Black Watch and the London Welsh Male Voice Choir.

Although her songs "Rippling Stream", "Half a Heart", "Simple, Simple, Simple", "Midnight in Manhattan", "I Miss the Boy" and "We're All Kids at Christmas" failed to achieve popularity, more than 40 years of royalties from "Scarlet Ribbons" were sufficient to keep Evelyn Danzig comfortably until the age of 94.

Dick Vosburgh

Evelyn Danzig, pianist and composer: born Waco, Texas 16 January 1902; died Los Angeles 26 July 1996.



Gomez: Mr Dependable
Photograph: Sport & General

One definition of a cricketer all-bowler is a player who can hold his or her place by either batting or bowling. Gerry Gomez qualified on both counts; he might also have made his way in the game as a captain, an administrator, a commentator or an umpire. He performed, it could be said, all these functions at Test match level.

He first emerged in England as an 18-year-old tourist in 1939 who could bat middle order and bowl medium-fast

swing, an unusual type of bowler to develop in the sun, fresh breezes and hard pitches of the Caribbean. Twenty-five years later he would probably have become either a League professional or joined a county club, for he was an English-style player, even to the extent of playing spin, on uncovered surfaces, much better than his West Indian contemporaries.

Not that English scouts would have seen much of his bowling on that first tour – he

was never given the ball – but he did score 719 runs at an average of 25. During the Second World War and immediately afterwards his reputation was enhanced by a sequence of big scores. He made an impact at home when he shared a third wicket stand of 434 with Jeffrey Stollmeyer for Trinidad against British Guiana in 1946 at Port of Spain and made an aggregate of 232 against England on their first post-war tour.

His bowling was needed in

West Indies' tour of India in 1947-8, reaching 101 in the Delhi Test, the first between the two countries. Hard to believe, in those days West Indies were short of fast bowlers and Gomez, stepping up his pace, often had to take the new ball.

By 1950, the year of Ramadhin and Valentine, Gomez was firmly established as a leading Test all-rounder and, as a captain of one Test (in 1948) a member of the inner council of the team. Although he won

few headlines in that historic tour, competing with some of the most charismatic cricketers of the time, he was the solid performer. Mr Dependable, 1,116 runs at an average of 42 and 55 wickets (25). He also held 32 catches and was regarded as one of the best close fielders.

The following year West Indies toured Australia in what was in effect a series to decide the world championship. West Indies lost but Gomez, then 32, was at his peak, scoring 324 Test

runs (36) and 18 wickets (14) including, in scorching sunshine at Sydney, 7-55 and 3-58, moving the ball in the heat haze.

John Ariotti wrote of Gomez that he was a man who, "on the few occasions when [his] colleagues failed, made good the deficiency without any great return of glory".

Gomez could not leave the game. He talked about it on radio, helped order it as a member of the Board of Control and once even stood as an umpire

in a Test match when the official went sick. He will be recalled by spectators for his easy, controlled run-up and rocking motion of the head and as aficionados sometimes overlook him, when recalling the 1950 tourists, he would never have been forgotten by his captains.

Derek Hodgson

Gerald Etheridge Gomez, cricketer, broadcaster, administrator: born Trinidad 10 October 1919; died 7 August 1996.

BIRTHS

BOWER-BROWN: On 19 July 1996, at Lisson County Hospital, to Karen (née Bower-Brown) and Malcolm (née Brown) a daughter, Susannah Alice. A sister for Angus. May you build a ladder to the stars and climb on every rung.

WAREHAM: On 2 August 1996, at St George's Hospital, Roehampton, to Liliana (née Mouton Sanchez) and Mark, an 8lb 6oz son, Lorenzo Mark.

DEATHS

DUNDAS-GRANT: On 2 August, quietly at home, Katharine Elizabeth (née

Births, Marriages & Deaths

Calloway) aged 95, widow of James. Deeply mourned by her daughters Valerie and Deirdre, her grandchildren and great-grandchildren. Service at Woking St John's Crematorium on 19 August at 3pm. Family flowers only. Donations if desired to the Marie

Curie Cancer Care, c/o Cyril H. Lovegrove, 32 Guildford Road, Woking, Surrey GU24 7QQ.

GODWIN: Professor Richard, economist, born 1913, died 6 August 1996, Sierra, Italy.

BOLLINS: Jane (née Fennell), born 17 October 1914, died on 1 August 1996. Private funeral has taken place.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 3SQ, telephone 0171-345 2011 or faxed to 0171-345 2010, and are charged at 60p a line (VAT extra).

Birthdays

Mr Richard Anderson, actor, 70; Professor Jack Baldwin, chemist, 58; Mr Rory Calhoun, actor, 74; Mr Dennis Canavan MP, 54; Mr Keith Curdine, actor, singer and songwriter, 46; Lord Chapple, former trade union leader, 75; Dr Michael Clark MP, 61; Lord Hayhoe, former MP, 71; Mr Dustin Hoffman, actor, 59; Le-Gen Sir David House, former "Black Rod", 74; Sir Laurence Hunter, Professor of Applied Economics, Glasgow University, 62; Mr Peter

Lapping, Headmaster, Sherborne School, 53; Mr Nigel Mansell, racing driver, 43; Sir Alan Muir Wood, civil engineer, 75; Sir Patrick Neill QC, former Warden, All Souls College, Oxford, 70; Professor Sir Roger Penrose, mathematician, 65; Miss Sylvia Sidney, actress, 86; Miss Connie Stevens, actress and singer, 58; Air Vice-Marshal Colin Terry, Chief of Staff at Headquarters Logistics Command, 53; Miss Esther Williams, swimmer and actress, 73; Sir John Wood, former High Court judge, 74.

Anniversaries

Births: Sir Godfrey Kneller (God-fried Kneller), painter, 1646; F. Austey (Thomas Austey Cutler), author, 1856; Frank Richards (Charles Harold St John Hamilton), author and creator of "Billy Bunter", 1876; Ernest Orlando Lawrence, physicist and inventor of the cyclotron, 1901; Paul Adrien Maurice Dirac, physicist, 1902. Deaths: Thomas à Kempis (Thomas Hammerken von Kempen), Augustinian monk and writer, 1471; George Canning, statesman,

1827; Jakob Christopher Burckhardt, art historian, 1897; Frank Winfield Woolworth, chain store founder, 1919. On this day, the British Academy was granted a Royal Charter, 1902; the Battle of Britain began, 1940; the Great Train Robbery occurred, 1963; President Richard Nixon resigned, the first US president to do so, 1974. Today is the Feast Day of St Allman, Saints Cyntia, Largus and Smaragdus, St Dominic, The Fourteen Holy Helpers and St Hormisdas the Martyr.

Lectures

National Gallery: Norman Conquest "Assumptions" (ii). Painters, Poets, Preachers and Heresy: Botticelli, The Assumption of the Virgin, 14m.

ROYAL ENGAGEMENTS

Changing of the Guard
The Queen's Life Guard at Horse Guards, 11am; The Queen's Life Guard at Buckingham Palace, 11.30am. (Frost provided by the White Palace).

سكنا من الجاهل

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Market Report: Reed triggers takeover talk 18

CITY & BUSINESS EDITOR: JEREMY WARNER

Economy: Businesses divided over need for increase but majority urge Clarke to ignore 'hawks'

Bank warns of inflation risk unless rates rise

DIANE COYLE
Economics Editor

Inflation will be above the Chancellor's target and rising by mid-1998 unless interest rates are raised, the Bank of England's Inflation Report warned yesterday.

June's quarter-point reduction in the level of base rates had worsened the inflation outlook and to have a better-than-even chance of hitting the 2.5 per cent inflation target, Chancellor Kenneth Clarke would have to increase interest rates "at some point", the report added.

Mervyn King, the Bank's chief economist, said: "Since May there has been a good deal of evidence to suggest we can have greater confidence in the view that demand is accelerating."

According to the Bank's new forecast there is a 30 per cent chance that inflation will exceed 4 per cent by mid-1998 if interest rates are not increased in the meantime.

Mr King defended the Bank against the Chancellor's recent charge that it has a record of being unduly pessimistic about inflation prospects. It had been no worse on average than the Treasury, he said, and its inflation forecast had always been in the lowest quarter of the range.

The Bank's warning yesterday followed a recent caution from the International Monetary Fund that there was no additional scope for British interest rates to fall.

Reactions to the Bank's hawkish line were mixed. Roger Bootle, the chief economist at City investment bank HSBC Markets known for his view that

inflation is dead, said: "This is the usual dose of Bank of England pessimism. I think the Chancellor will ignore them." Businesses were unenthusiastic. Kate Barker, chief economist at the Confederation of British Industry and one of the Treasury's "wise persons", said: "There is still a lot of uncertainty about the pace of recovery. There should be no change in interest rate policy for the time being."

The British Chambers of Commerce said there was no need to increase rates though businesses would not want to see an interest rate cut that only had to be reversed.

Nationwide Building Society said it would have "some concerns" about the effect of a rise on housing market confidence. A spokesman for Abbey National, the country's second-biggest mortgage lender, said: "For the time being it would be good to see things on an even keel."

However, Martin Weale, head of the National Institute of Economic and Social Research and a Treasury adviser,

said: "The Treasury is predicting bumper growth. The last base rate cut was a mistake and the sooner it goes up again the better."

Shadow Chancellor Gordon Brown claimed the Bank's report confirmed that weak investment threatened to derail the recovery. "The foundations of the British economy are not strong enough for sustained growth and rising prosperity," he said.

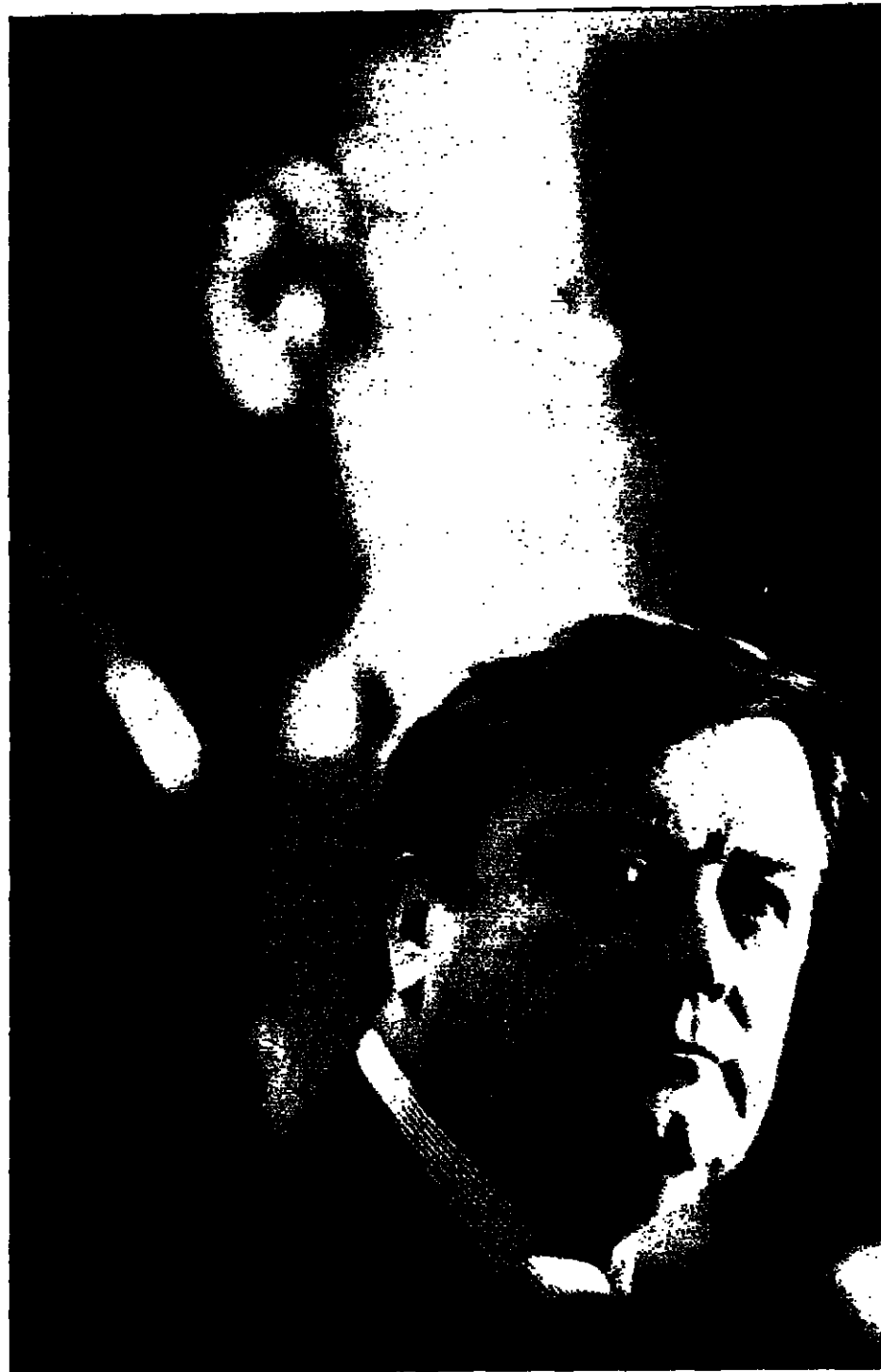
Many City economists also agreed with the Bank's analysis. Claran Barr at investment bank Deutsche Morgan Grenfell said: "It is only Ken Clarke who thinks that inflation will carry on falling right through 1997 and beyond. The Bank is taking a big gamble, but we think they are right."

David Mackie, an economist at JP Morgan said many people were underestimating the likely scale of the recovery. "If only half the £16bn in consumer windfalls due next year is spent, consumer spending would grow by well over 4 per cent."

The Governor should be banging the table after a couple of quarters like that," Mr Mackie said.

Yesterday's report said the inflation rate would fall below the Government's 2.5 per cent target in the short term. The accelerating pace of growth meant that two years ahead the target measure was more likely to be above 2.5 per cent and rising.

Mr King said uncertainty about the prospects for a recovery had receded since the Bank's last report in May. In particular, evidence and reports from the Bank's regional agents confirmed the view that demand was accelerating.



Guardian angel: Eddie George (left) and Kenneth Clarke are likely to be at odds again

A separate survey from the CBI yesterday confirmed that manufacturing orders had increased in six of the 11 UK regions in the four months to July. The Bank expects both consumer spending and investment to pick up in the year ahead. Faster growth was signalled by the rapid increase in both personal and corporate holdings of broad money.

Mr King said there was no solid evidence the economy's trend rate of growth had increased enough for the Bank to take a more relaxed view about potential inflationary pressures.

Domestic market capitalisation is \$6.7bn and revenues last year were \$4.6bn. It has 10,300 employees. The Virginian group is not thought to have approached East Midlands or held informal talks, however, and is less likely to do so now after Virginia's

Bid for East Midlands blocked by US

MICHAEL HARRISON

Takeover speculation surrounding East Midlands Electricity intensified yesterday after it emerged that an American utility had been lining up a £1.5bn offer but was blocked from bidding by local US regulators.

Domestic Resources, the parent company of Virginia Electric and Power, was reportedly set to launch a takeover of East Midlands but state regulators refused to sanction the deal because of concerns about the financial impact on its 1.8 million customers in Virginia and North Carolina.

Despite the apparent block which effectively kills off a bid by Dominion, shares in East Midlands continued to surge ahead, ending the day 10p higher at 397p. The shares have risen by 15 per cent in the last month as the conviction has grown that East Midlands is about to become the eighth regional electricity company to lose its independence.

Shares in the other independent RECs also rose strongly with Yorkshire adding 20p to 723p, London putting on 18p to 638p and Southern ending 19p higher at 682p. Industry sources suggested that while Dominion may have been preparing a bid, East Midlands might not have been its target. It was also pointed out that a number of other US electricity groups, including Houston Industries and PacifiCorp, are also still being touted as possible bidders.

Domestic market capitalisation is \$6.7bn and revenues last year were \$4.6bn. It has 10,300 employees. The Virginian group is not thought to have approached East Midlands or held informal talks, however, and is less likely to do so now after Virginia's

State Corporation Commission refused to sanction a bid.

A 1992 federal law gives state regulators a role in overseeing certain foreign investments by utility holding companies. This prevents electric utilities from investing more than a certain proportion of their assets overseas. Approval is usually routine, but a previous clash between Dominion Resources and the SCC may have contributed to the impasse over the British deal.

Two years ago, Dominion Resources challenged the SCC's authority to intervene in a management feud it was having with Virginia Power. "It's all about the late unpleasantness," one source said.

East Midlands, which is generally regarded as one of the most efficient and best managed of the RECs, refused to comment on the takeover speculation. Both its chairman Nigel Rudd and chief executive Norman Askew are on holiday and neither have plans to cut short their summer breaks.

The company, which supplies 2.2 million customers, is currently valued at £1.2bn but any successful takeover would probably have to be pitched at a premium of at least 20 per cent.

Three of the 12 RECs have so far been acquired by US utilities. South Western Electricity was the first to fall, agreeing to a £1.1bn bid from the Southern Company of Atlanta, Georgia.

Seaboard, serving the South-east, was taken over by Central and South West of Dallas, Texas, and Midlands fell earlier this year to Avon Energy Partners - a consortium of General Public Utilities of New Jersey and Ohio-based Cinergy - after PowerGen was blocked from bidding by the Government.

Irish building society buys Mortgage Corp

NIC CICUTTI

First National, the largest building society in Ireland, yesterday announced that it has paid £53m to buy The Mortgage Corporation, the UK centralised mortgage lender founded by Salomon Brothers, the giant US investment bank.

The society's purchase brings to a close Salomon Brothers' troubled and embarrassing mortgage-leasing experience in the UK. In recent years The Mortgage Corporation (TMC) repeatedly came under attack from consumer groups for its high interest rates and allegedly aggressive stance towards its own borrowers.

Chris Heard, chief executive of First National's existing UK mortgage arm, Mortgage Trust, said his company's policy towards TMC's 30,000 borrowers, who owe a total of £1.2bn in home loans, would be noticeably different. "Things at TMC will improve further," he said.

TMC, set up by Salomon in 1986, was one of a new breed of highly competitive centralised lenders which grabbed market-share from building societies by launching innovative products and operating looser lending criteria. Centralised lenders mostly hit the buffers in the late 1980s, through the collapse in the housing market, unemployment, high interest rates

and repossession. TMC gained notoriety for its unwillingness to reduce its interest rates to borrowers at the same speed as other lenders. Consumer groups and trading standards officials were also inundated by complaints from borrowers complaining of threatened evictions.

Last year, the Office of Fair Trading, which regulates the loan market, threatened to strip TMC of its consumer credit licence, but backed away after the firm convinced the regulator it was reforming.

First National, whose acquisition of TMC means its mortgage assets now total almost £4bn, the equivalent of the UK's 11th largest building society, said it was highly pleased with its purchase. The society's managing director, John Smyth, said: "Having established a presence in Britain with the acquisition of Mortgage Trust, we have been keen to expand the society's operations here."

"[It] adds scale to our operations and will both reduce our unit costs and provide significant earnings enhancement." Mr Heard said one of the first steps would be to rationalise activities between his own operation in Surrey, and TMC's, which employs 200 staff in Woking. He said that First National's expanding savings arm in the UK might lead to staff being kept on in jobs.

Hostilities brought to an end at Eurotherm

TOM STEVENSON
City Editor

Hostilities were finally brought to an end yesterday in the personality clash that has split the board of electronic equipment maker Eurotherm throughout the summer.

Five weeks after chief executive Clares Hultman was forced out by non-executive directors he was officially returned to his post by supportive institutional investors, including the Prudential, MAM and Schroders.

Jack Leonard, chairman, paid the price for Mr Hultman's return by retiring seven months earlier than he had planned. He is to be replaced by Sir James Hann, former head of Scottish Nuclear and currently chairman of Hickson International, the chemicals manufacturer.

Sir James said he had been approached about 10 days ago to try and resolve the "emotional" clashes between Eurotherm's board members ever since Mr Hultman was forced out of the company following a

failed bid to oust Mr Leonard. He is understood to have considered all possible solutions including overruling the wishes of the rebel shareholders to insist on Mr Hultman's resignation.

There had been fears that bringing Mr Hultman back to the company would in effect present him with carte blanche to act as he wished. Sir James dismissed that possibility. "I believe Clares is a team player. He will act within strategic frameworks which have been agreed with the board. This is

a significant company and it has got to be run properly."

It is understood that Sir James insisted on a commitment to the company from Mr Hultman. Some observers had suggested that having transformed Eurotherm over the past five years, boosting profits from £7.2m to £34.1m over that period, he might be unlikely to remain long after the bruising encounters of the past few weeks.

He said yesterday: "I am very pleased that matters have now been resolved and that I am to continue as chief executive. The company has enormous potential and I am committed to the growth of Eurotherm in the long term. I look forward to working with Sir James."

Sir James's apparently firm and independent hand soothed concerns in the City and the shares closed 15p higher at 550p. They had traded as high as 644p in May but tumbled to 515p after Mr Hultman's unexpected resignation on 4 July.

An institutional investor involved in the talks denied yesterday that a small handful of powerful funds had effectively dictated the return of Mr Hultman.

He claimed that representatives of funds holding more than 50 per cent of the shares had been present at the protracted negotiations to reinstate the chief executive and said the whole affair could very easily have been avoided if all the parties involved had discussed the problems before it blew up into a full scale row.

Man Utd scores its own channel

MATHEW HORSMAN
Media Editor

Granada, the ITV franchise holder for the north-west of England, and Nynex CableComms, the country's second-largest cable operator, are in advanced talks aimed at launching a television channel in Manchester next year, headlined by shows on the top football team, Manchester United.

The project, which is also likely to involve the Manchester Evening News, is the latest by a leading cable operator to develop a strong regional franchise and to tap into new sources of advertising revenue. Nynex is the local cable operator in the Manchester area.

The move could see the birth of US-style local television, bringing together broadcasters, local sports teams and large media companies to create



Eric Cantona: game for a show-biz kick-off on cable

huge cross-marketing opportunities within tight-knit local communities. The partnership would broadcast special programmes on Manchester United, arguably the country's most successful football team. Insiders said an "in the boot

room" feature, phone-in shows and other football programmes could trade on the huge following of players like Eric Cantona and Ryan Giggs.

Manchester United has been eager to maximise revenues from its stellar brand name, which has fuelled the company's rapid growth on the stock market. The core broadcast rights to matches of the Premier League are held by BSkyB, Rupert Murdoch's satellite broadcaster, and the BBC. But a range of subsidiary rights, are retained by the club itself.

Speculation has been growing that the club would launch its own channel, in advance of the introduction of pay-per-view in the UK, to exploit a market that could eventually be worth up to £2.5bn a year to the top football teams. But Nynex CableComms said yesterday that no deal had been signed.

It is believed Granada, which is to launch satellite services in the autumn in league with BSkyB, views cable investment as way of exploiting its programme-making capabilities.

Mirror Group has adapted the City TV concept to the UK through its Live TV subsidiary. Live TV produces a national feed from London, distributed on cable, and is negotiating to encourage local partners to provide programming. Mirror Group owns 46 per cent of the Independent.

Other ITV companies are believed to be interested in the concept. United News & Media, which owns the Meridian and Anglia franchises, has looked at Southampton, while Carlton Communications, which yesterday launched a new food channel on cable, confirmed that it had been considering the City TV concept.

French awarded franchise to run South-east trains

CHRISTIAN WOLMAR
Transport correspondent

France's Compagnie Generale des Eaux has won the right to run a second rail franchise in the UK, giving it control over two-thirds of British Rail's former Southern Region.

The franchising director, Roger Salmon, announced yesterday that London and South Coast Railways, a subsidiary of Generale des Eaux, was the preferred bidder for South Eastern Trains, which mainly runs services to Kent and East Sussex from London's Victoria, Charing Cross and Cannon Street stations. Last year it had passenger revenue of £205m, making it the fourth biggest of the 25 rail franchises.

If, as expected, the deal is confirmed within the next fortnight, it will give the French company control of virtually all services out of London Victoria, offering the opportunity for considerable savings as it also operates Network South-East, which runs trains to Sussex and Hampshire.

Last night, a spokesman for Generale des Eaux said the two franchises could not be merged into one, but there would be obvious synergies between the two businesses.

The allocation of the franchise means that a French-owned company will control the trains that go to Dover and Folkestone. Following the construction of the Channel tunnel all boat trains - apart from those to Ramsgate - have been

scrapped. The likeliest date for the new company to take over South Eastern is 15 September. The allocation is a blow to Stagecoach, which already runs South West Trains, the third part of the old Southern Region, and was on the short-list along with GB Rail and a management buy-out team.

Mr Salmon has denied that the two-week delay in awarding the South Eastern franchise, was connected to last week's controversial takeover of the Porterbrook rolling stock company for £825m by Stagecoach. However, rolling stock manufacturers will be relieved that Stagecoach, having promised to spend £90m on new rolling stock, will not have control of the order for 81 trains on South Eastern which, under the terms of the franchise must take be replaced within three years.

Stagecoach may find itself banned from further bids following its takeover of Porterbrook and it may even be tempted to sell South West Trains to Generale des Eaux, thus recreating the old Southern Region.

Generale des Eaux becomes the second company to run two franchises after National Express successfully bid for Gatwick Express and Midland Main Line, though it faces an investigation by the Office of Fair Trading over the latter.

Two other franchises have gone to management buy-out teams, with Sea Containers, Stagecoach, and Prism picking up the other franchises.

STOCK MARKETS				
Index	Close	Day's change	Change (%)	1996 High
FTSE 100	3811.10	+22.70	+0.6	3857.10
FTSE 250	4309.00	+15.50	+0.4	4569.00
FTSE 350	1906.00	+10.40	+0.5	1945.40
FT Small Cap	2114.27	+10.22	+0.5	2244.26
FT All Share	1883.21	+10.05	+0.5	1924.17
New York	5698.05	+9.74	+0.0	5778.00
Hong Kong	20477.59	+207.29	+1.3	22666.80
Shanghai	11127.34	+7.06	+0.1	11594.99
Frankfurt	2531.89	+9.42	+0.4	2683.49

INTEREST RATES				
Short sterling	UK medium gilt	US long bond	1 Year	3 Month
5.75	6.00	7.75	8.05	7.85
5.53	6.06	6.48	6.49	6.74
0.41	0.91	3.22	3.05	-
3.22	3.44	6.27	6.69	6.99

CURRENCIES				
£/\$	£/DM	£/¥	£/A\$	£/NZ\$
1.5420	0.6456	1.6001	0.6485	0.19
1.5425	0.5001	1.5990	0.6483	0.21
2.2895	+0.4501	2.2617	1.4829	-0.1401
166.151	+1.754	146.601	107.750	+0.025
84.3	+0.3	84.5	85.1	+0.1

Source: FT Information

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business

Abbey profits up as it ignores loan wars

NIC CICUTTI

Abbey National yesterday shrugged aside its inability to increase its tiny share of the new mortgage market in the past six months by announcing a 16 per cent rise in first-half pre-tax profits of £558m.

The bank said its 3 per cent of new lending had been caused by its refusal to enter the mortgage price war by offering heavily discounted home loans.

It pointed to a substantial increase in new mortgage busi-

ness, up 8 per cent, by National & Provincial, the building society it has just taken over. The acquisition of N&P increased at a stroke the Abbey's share of the mortgage market from 12.1 to 15 per cent.

Lord Tugendhat, chairman at the Abbey, said of the bank's profits rise: "This has been achieved against a background of competitive mortgage and savings markets. Our results therefore give us confidence that we are pursuing the right strategies. We aim to strengthen

Abbey National's market position in UK personal financial services by consolidating our standing in the mortgage and savings market.

"We will also continue to diversify profit streams away from traditional mortgage and savings activities, providing a broader range of products and services to customers."

Lord Tugendhat said one sign of this diversification was that Abbey National had boosted profits from outside its core savings and mortgage

areas from virtually nothing seven years ago to 42.5 per cent. This was ahead of the 1997 target of 40 per cent set in March last year, he added.

Abbey National Life, the bank's own life and pensions business, reported record profits, up 38 per cent, on the back of an 8 per cent increase in annualised premium income. This included half-year sales of £230m for Abbey's first PEP, launched last year.

Abbey's treasury operation contributed £129m to group

profits, an 18 per cent increase. Consumer credit profits rose 153 per cent to £43m, boosted by the Abbey's acquisition of FNFC, a large credit provider.

However, Lord Tugendhat admitted Abbey had suffered a net outflow of savers' funds in the first half of 1996. "This is mainly to do with Tessa maturities," he said. "Out of the £40m mortgage book, some £3bn matured earlier this year. Despite our retention of two-thirds of this, many of our customers have chosen to spend the pro-

ceeds—fueling the kind of sales we have seen recently."

Margaret Schwarz, the bank's chief economist, said the Abbey had been affected by its disproportionate 14 per cent market share in the Tessa market in 1991, which it did not expect to hold entirely at maturity earlier this year.

Abbey National's cost-to-income ratio dropped to 41.6 from 44.6 per cent at the same point last year. Lord Tugendhat said the bank aimed to bring the ratio below 40 per cent.

Schering blames poor drug sales on cost cutbacks

PATRICK TOOHER

Schering, the German pharmaceuticals group, yesterday blamed rationing by cash-strapped local health authorities in Britain for disappointing sales of its much-valued multiple sclerosis drug, Betaseron, which became available on the National Health Service earlier this year.

In a statement to accompany its interim results, Schering said UK sales of the drug, which costs £10,000 a year per patient, were "considerably below the planned level as regional questions regarding reimbursement have not yet been completely clarified".

MS sufferers have accused the Government of attempting to ration the drug after the Department of Health said GPs should refer patients to hospital specialists rather than prescribing it themselves. Sufferers say that lengthy waiting lists for some consultants would mean many in need having to wait for treatment.

"Each local health authority has to work out its own budget for Betaseron and allocate it accordingly but some authorities are not spending their budget," noted Susan Haylock at stockbrokers NatWest.

A spokeswoman for the MS Society, which speaks for 80,000 sufferers in the UK, noted that one health authority, Trent, had recently decided against providing funds for the drug. "This product should be available equitably across the

country," she said. "Treatment for this disease should not depend on where you live."

Betaseron, which had sales of DM365m (£116m) in the first half of the year, was introduced into Europe last year after being previously available only in the US. It was hailed by some doctors as the biggest breakthrough in tackling multiple sclerosis in 20 years after the drug was shown to cut the frequency of relapses in MS sufferers by up to a third, though it does not halt the degenerative disease.

Betaseron is Schering's strongest selling product and significantly contributed to the group's 32 per cent rise in interim net profits of DM 244m on sales 11 per cent higher at DM2.6bn.

But ongoing problems in the UK forced Schering to revise this year's sales forecasts for the drug to DM 535m from an earlier target of DM600m.

Schering, which has been plagued by rumours of production problems of its high-profile drug, said it had no supply problems and had yet to feel the pinch from rival products. "These include Avonex, made by US competitor Biogen."

Schering and Biogen are currently squaring off in US courts each accusing the other of patent infringement.

Analysts say some MS patients have adopted a wait and see approach until more efficacious products are available. "Patients are not exactly beating down their doctors' door to be prescribed the drug," Ms Haylock said.

Standard slims down with workforce cuts

NIC CICUTTI

Standard Chartered, the international banking group, yesterday warned of heavy staff cuts among its 25,000-strong workforce in coming months, citing an "unacceptable" cost-to-income ratio as the deciding factor.

The bank's move came despite unveiling a 31 per cent increase in first-half trading profits to £402m, while pre-tax returns rose £129m to £448m.

Malcolm Williamson, chief executive at Standard Chartered, criticised the bank's 55 per cent cost-to-income ratio and said that it must be reduced to under 50 per cent in the short-term.

He said: "A medium-sized bank like Standard Chartered must be a low-cost operator to be nimble and flexible. [The bank] will have to re-engineer the business, introduce more automation and wean out businesses which are not producing satisfactory results."

However, he indicated that

any job cuts were less likely to occur in economically advanced countries, where there already have been staff reductions. In the past three years the bank has axed 16 per cent of its workforce, 3 per cent of which suffered the cuts in the past six months.

Standard's shares touched a high of 719p in early trading, but slipped back to close at 699p, down 13p on the day.

The bank's pre-tax returns were boosted by exceptional gains of £42m, much of which came from the sale of its private banking business to Swiss Bank Corporation.

Some 38 per cent of the bank's total trading profit came from Hong Kong, at present under British control but due to be handed back to China in 1997. "We are very happy about what we see out there. It is quite remarkable what's been achieved," Mr Williamson said.

He added: "I don't think growth rates in Hong Kong are going to be quite as high as



Balancing act: Patrick Gillam, chairman (left), and Malcolm Williamson, chief executive

Photograph: Paul Bulley

people hoped but nevertheless they are very positive and they are higher than what we are seeing in the UK."

Standard Chartered would not follow other banks, such as

National Westminster and Barclays, which are conducting share buy-backs to return value to their shareholders. Mr Williamson said: "We are in very high-growth markets.

Balance sheet growth is significant and we need a solid base to generate growth."

He admitted, however, that the bank had so far spotted few acquisition opportunities.

Mr Williamson added that Standard Chartered would continue to make growth in other areas such as credit cards, through its connections with Visa and Mastercard.

Bad weather losses blast Commercial Union results

NIC CICUTTI

Commercial Union, one of Britain's largest composite insurers, yesterday blamed heavy weather-related losses in the United States and Britain for a 15 per cent drop in pre-tax profits in the first half of this year.

CU said a £56m increase in weather claims from the US and the UK forced profits before investment returns down to £216m, against £248m in the same period last year. However, strong profit growth from Continental Europe helped to offset the losses.

Shares in the company closed 4p higher at 617p after analysts said that, despite the drop in profits, CU's results were at the top end of their forecasts.

CU said that in France profits from Abeille, its life and general insurance business bought in 1994, increased by £22m to

£58m, while returns from the Netherlands rose to £88m. Profits from CU's life and pensions businesses across the group, including the UK, grew 14 per cent to £117m.

John Carter, chief executive at CU, said: "These strengths helped to reduce the effect of

increased weather claims and competitive general insurance markets in the UK."

General insurance rates in the UK remained competitive, but there were signs of selective increases in some areas, mostly in motor cover. CU made an underwriting loss in Britain of

£26m, down from a £36m profit at the same point last year.

The IRA bomb attacks in London in February and in Manchester in June cost CU £8m, Mr Carter added.

The insurer is hoping to cut costs by introducing new information technology.

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Abbey National (Q)	- (-)	558m (483m)	27.5p (24.7p)	8.7p (7.25p)
Avon (Q)	485m (382m)	19.7m (13.4m)	10.38p (7.33p)	nil (-)
Applied Electronics (Q)	28.1m (18.2m)	0.24m (2.22m)	0.5p (4.9p)	1.5p (1.5p)
Commercial Union (Q)	- (-)	220m (273m)	20p (26.4p)	11.45p (10.7p)
Edinburgh & East (Q)	2.04m (1.54m)	0.41m (0.28m)	1.18p (1.08p)	nil (-)
Flying Colours (Q)	15.4m (12.7m)	1.64m (1.08m)	6.15p (4.14p)	1.38p (1.08p)
GKN (Q)	1.73m (1.89m)	181m (183m)	31.7p (28.1p)	9.9p (8.75p)
Holliday Chemical (Q)	85.5m (82.3m)	8.1m (11.0m)	5.4p (7.9p)	2.1p (2p)
Liberty Bell (Q)	- (-)	95.1m (80.3m)	9.88p (8.2p)	7.25p (6.5p)
Metals Refining (Q)	10.8m (8.98m)	2.04m (1.49m)	13.9p (8.9p)	5.9p (4.8p)
Standard Chartered (Q)	- (-)	448m (319m)	27.5p (20p)	4.25p (3.25p)
Transport Development (Q)	250m (240m)	15.8m (17.3m)	6.43p (7.61p)	4p (3p)

(Q) - Final (Q) - Interim (Q) - Quarter

Cash-pile boosts GKN's fortunes

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Sir David Lees, urbane chairman of GKN, exudes a sense of self-assured reliability that is mirrored by what we've come to expect from the company's results. The former metal-basher has transformed itself with great aplomb into a diversified, international, motor components, industrial services, and defence group.

Yesterday's 11 per cent rise in half-year pre-tax profits, to £181m, was at the top end of City forecasts. A closer look at the sales figures underlines the way the make-up of GKN is changing. In the first half of the year automotive products accounted for 63 per cent of turnover, down from 69 per cent in the first six months of 1995. The change is more pronounced in terms of profits, with the share for the vehicle side of the business dropping from 68 per cent to 57 per cent.

Both the Chep pallet hire operation and Westland, which GKN bought in a hostile takeover battle two years ago, are proving their worth as a counterbalance to the still-subdued automotive components trade. Pallet hire and waste management may sound mundane, but with industrial services profits jumping by 42 per cent, to £37m in the first half, it hardly matters.

Even better was the performance at Westland and the armoured vehicles division, where earnings soared by two-thirds, to £38m. Westland's order book is stronger than ever, with the signing in March of a contract to supply the Apache helicopters to the British Army; and should stand GKN in good stead into the next century.

Even vehicle components managed to hold their own, with profits falling by a marginal £1m, and although the tough conditions in continental European markets look set to continue, in the US and UK things are starting to pick up. All this has given GKN a £250m cash-pile—after stripping away the boost from advance payments for defence orders yet to be delivered—and a further shopping trip for acquisitions is well underway, though in classically conservative GKN-fashion.

Investors who pined in the shares a year ago, at around 780p, have enjoyed in the past 12 months a storming run with a 32 per cent rise, to yesterday's close of 1025p, easily outstripping the market's relatively pedestrian 10 per cent increase.

From next year Sir David will split the top job, giving "absolutely full responsibility" to a new chief executive, CK Chow. There have been some questions raised about the extent to which Sir David will continue to pull the strings at the firm, but they seem unnecessarily alarmist.

With analysts forecasting profits for

the full year of at least £360m, the shares currently trade on a prospective price/earnings ratio of 16. Compared with a growth rate that has slowed markedly since 1994 and 1995, that is a full rating; the shares are high enough.

Bid possibilities offer TDG hope

So many companies piled into distribution in the 1980s that the sector is now looking horribly crowded and the pain is starting to show. Christian Salvesen has found the going tough, hence the £1bn takeover attempt by Hays, Tibbert & Britten and NFC have had their problems. And Transport Development Group has been a long-term struggler. Its figures yesterday made grim reading, though there are hints that the worst may be over.

One glimmer of hope for TDG's long suffering shareholders is the possibility of takeover action. With margins hit by increasingly powerful customers such as the supermarket groups, size and volume is becoming more important. The

Hays-Salvesen bid is symptomatic of an industry rapidly heading towards consolidation and a gap is already opening up between the division one players and the also-rans.

TDG hopes to play its part in that consolidation as a predator though it could easily end up as prey. Even if a bid fails to materialise there are some signs of trading improvement.

Profits in the six months to June were down almost 10 per cent to £15.7m with the consumer division, which services the retailers and food manufacturers, causing the most concern. Profits dipped sharply due to the loss of a confectionery contract which is being replaced with lower margin business.

There was better news elsewhere. The hire division was flat, hit by increased competition and lower margins particularly in the plant hire market. However, in an industry that has seen profit warnings from both Hewden-Stuart and Vibroplant, a flat performance is creditable.

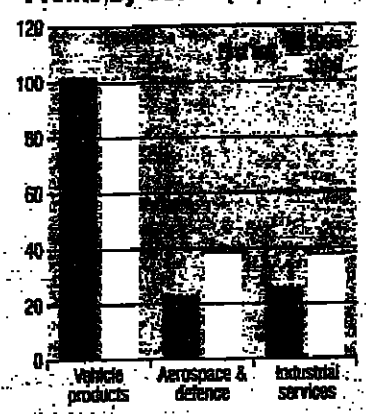
The industrial division increased profits and has won new business. With its customers not yet as canny as the supermarket in their logistics negotiations, margins are fatter here and improving.

GKN: AT A GLANCE

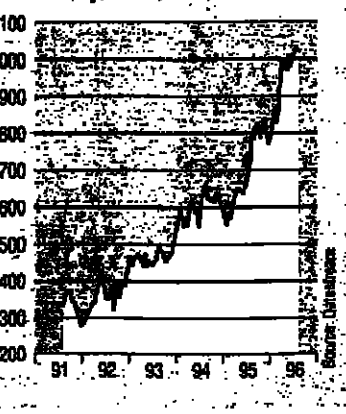
Market value: £3.6bn, share price: 102.5p

Trading record	1993	1994	1995	1996	1996
		Full-year		Final	
Turnover (£m)	2,680	3,400	3,305	3,693	3,725
Pre-tax profits (£m)	97.5	200.3	222.4	162.8	181.0
Operating profits (£m)	14.2	37.4	57.4	28.3	37.2
Dividends per share (pence)	20.5	21.5	24.0	8.75	9.6

Profits by Sector (£m)



Share price (Pence)



Rawlins bullish about his return to the City

CITY DIARY

JOHN WILLCOCK



Post-Taurus: Mr Rawlins will help firms rethink their image

Peter Rawlins is back. For those who don't remember, he was the chief executive of the London Stock Exchange who was forced to resign three years ago when the Taurus automated share settlement system was scrapped at a cost to the City of £400m.

But enough of that. Many thought him a scapegoat for an Exchange-wide failure. As Mr Rawlins says: "I'm history and it's history to me."

Now Mr Rawlins is returning from the US to become European head of Siegel & Gale, the corporate identity arm of Cordiant. Any lasting resentment City people feel may have been mitigated in the intervening years by the unpopular reign of his successor, Michael Lawrence, who was himself sacked last year.

Mr Rawlins will be overseeing Siegel & Gale's business in Europe, the Middle East and Africa. The company specialises in rethinking how companies present themselves to the public — "the voice concept" — and is expanding into interactive and digital media.

So does Mr Rawlins have any regrets about the Exchange? "None at all. I'm very proud of what I did there," Spoken like a man. And who knows. The Exchange could do with an image makeover...

David Atkinson, head of research at NatWest Markets, has issued an edict banning his analysts from talking to the wire services.

Glenda Jackson, shadow transport spokesperson and Oscar-winning actress, has been busy lambasting companies such as Hanson Trust which have benefited from rail privatisation at the same time making handsome donations to the Tory Party. Hanson, a partner in the group that bought Eversholt Leasing Company, gave £100,000 in 1995/6. Ms Jackson says: "It's crystal clear why John Major is so reluctant to condemn the fat cats — the fastest cats of all are sitting in Conservative Central Office."

Can this really be the same Glenda Jackson who starred in a TV commercial for Hanson with American actor George Segal? "The company over here that's doing rather well over there," she says, I imagine would be not unadjacent to what Hanson paid the Tories. Sounds like the cat is biting the hand that feeds it.

Mr Atkinson was a food manufacturing analyst himself until three months ago, and thinks analysts waste valuable time talking to wire journalists: "When the analysts are trying to tell their clients whether to buy or sell, they keep getting phoned up by Reuters and Bloomberg asking 'Why did this stock go up 2p? Why did that one go down 2p?'"

More worryingly, there have been one or two instances where our clients have seen our own recommendations on the wire services before we had a chance to talk to them [the clients], which looks a bit stupid," adds Mr Atkinson.

Print journalists such as myself may still ring up, he says, since papers appear the day after.

ter. "Wire services are here this minute, gone the next."

Still on NatWest Markets, the investment bank is also expanding the role of Dame Pauline Neville-Jones, the former Foreign Office high-flyer who caused such a stir earlier this year by defecting to the City.

Fellow Whitehall mandarins, who were sure Dame Pauline was headed for the top, assured her before she departed that "You're going to be very bored by the City."

But as she takes on the role of head of global business strategy, as well as her current job spotting new business opportunities with Government clients, Dame Pauline is happy with her move to the Square Mile.

"I've been very struck by the amount of talent in the City, which is abundant and impressive. There is also a lot of informality and friendliness, which counts pretty highly," Very diplomatic.

Dame Pauline's contacts with overseas governments have already paid off. "It helped us win the mandate from the Yugoslav government. NatWest Markets is advising them on re-scheduling their debt and privatisations."

صكزا من الاصل



COMMENT

Britain has enjoyed, not a jobless recovery but a voteless recovery. If the Chancellor decides to ignore the Bank's advice it will be because he thinks faster growth and higher inflation will deliver more votes.

Setting inflation targets nobody wants to meet

Is the Bank of England crying wolf again? Lower inflation prospects? Kenneth Clarke was clearly right to turn down the Governor's advice to raise rates in May last year because the economy then started slowing down rapidly. Inflation optimists will be behind the Chancellor again if he turns down similar advice at some point during the next few months. After all, even the Bank agrees that inflation is for the moment still on a downward path.

But actually what these optimists are really saying is not that inflation is dead but that a bit more inflation does not matter. The Bank's projection that falling inflation will be followed by rising inflation is uncontroversial. Almost every economic forecast displays the same pattern. To argue that the Bank's forecasts are simply programmed to be gloomy is therefore to misinterpret the message.

The Bank of England is condemned to believe that the inflation target is one it is supposed to help the Chancellor meet. The question is whether the Chancellor, and the rest of us, take it quite so seriously.

As Mervyn King, the Bank's chief economist, said yesterday, inflation has been below its target for only 10 out of the past 40 months. British inflation is well below its historical average but remains higher than the EU average. "We've still got a long way to go before we persuade people that we're serious about this," he said. Judging by the reaction of some experts who think that yes-

terday's warning was sheer overkill, he is surely right.

The issue goes beyond the prospect of a conflict at future Ken and Eddie meetings. Mr George issues the advice that his job requires. The Bank is supposed to say when it thinks interest rates need changing to keep inflation below the 2.5 per cent target set by the Chancellor. Mr Clarke accepts or ignores the advice depending on his own judgement - which is partly a judgement about the state of the economy, partly a political judgement about what the voters want. Britain has enjoyed, not a "jobless" recovery but a voteless recovery. If the Chancellor decides to ignore the Bank's advice it will be because he thinks faster growth and higher inflation will deliver more votes.

As Mr King put it yesterday, "Are we in the UK sufficiently committed to a world of price stability?" The answer must be not yet. The evidence for this is not just with the pundits who say the Bank is guilty of overkill. From differing perspectives, industrialists and workers alike fall into the same trap. Companies still demand an absurdly high hurdle rate of return from investment projects. The underlying pace of wage settlements remains a full percentage point above the inflation target. The reason is obvious - it is that most people do not believe that inflation is dead. And while so many say that a bit more inflation does not matter, who can blame them?

The Bank is not crying wolf. It is perfectly

reasonable to forecast that inflation will be above 2.5 per cent in two years. The trouble is that, having set the inflation target, many of us, Mr Clarke included, are not so sure that we really want it.

Kepit signals a trust earthquake

Frogs can be turned into princes - really, they can. The undignified scramble among fund managers for Kepit, the frog-like sounding European privatisation trust run by Kleinwort Benson, looks like providing the point. Launched with splendidly poor timing just two years ago, the trust has proved an unmitigated investment disaster. Now it has no less than six different suitors dancing around promising better performance and a narrowing of the discount that has opened up between the share price and the value of the underlying assets.

Kepit may be a bit of a one-off but it has probably sparked a trend. If the futures can move in on one poorly performing trust, they can move in on others. It may well be we are about to witness a minor earthquake in the traditionally sleepy world of the investment trusts. So here's our pick of the takeover target pops. With no warrants to act as poison pill, Kleinwort Overseas must look highly vulnerable. So too must the Mercury European Privatisation Trust, a mirror image of Kepit. Its last restructuring failed to have any

impact at all on the size of the discount. Scottish Investment Trust, standing on a 14 per cent discount, is tipped by some simply because it is independently managed. As a consequence there is no powerful fund management group to upset with a bid. Throgmorton Trust has proved disastrous in investment terms and looks ripe for the plucking. Perhaps unfairly, for its investment performance has been a reasonable one. RT Capital Partners trades on an 18 per cent discount - enough to justify a serious restructuring at the very least.

Investment trusts generally have become about as fashionable as C&A tank tops, providing another powerful spur to consolidation. Outside highly specialised vehicles such as those investing in the boom markets of eastern Europe, it is hard to launch any kind of new trust these days, if for no other reason than that the cost of doing so means the investor automatically and immediately loses about 4 per cent of his money. So fund managers must look to the established trusts of their rivals to grow their income. A shakeout is long overdue in any event.

Commuters beware of French bearing gifts

A certain sense of *deja vu* must have swept through the Department of Transport yesterday at the news that a French water company is to take over another of our

train franchises. The dismantling and sale of British Rail is starting to bear a distinct resemblance to the privatisation of the bus industry in the early 1980s.

Initially there were 70 separate bus companies. Now nearly half of them are under the control of just two groups. Likewise, as fast as ministers break up the rail industry, private sector bidders appear intent on putting it back together again. Compagnie Generale des Eaux, through its quaintly English-sounding rail subsidiary, London and South Coast, has become the proud owner of two commuter franchises - Network South Central, which it already operates, and now South Eastern.

The concentration does not stop there. The coach operator National Express has also bagged two of the 25 franchises and Stagecoach, which already runs South West Trains, is bidding for the 12 franchises yet to be offered for sale not to mention a train leasing business.

More consolidation is certain to come. So much for the brave new world of rail competition that was one of the justifications for privatisation.

Compagnie Generale des Eaux may be promising brand new trains for long suffering commuters into Charing Cross. But ministers should be wary when the French come bearing gifts. The experience of the bus industry proved that while consolidation can bring efficiencies, it is also a recipe for rampant abuse of market power.

GKN to build second Chinese plant

CHRIS GODSMARK
Business Correspondent

GKN, the automotive products and industrial services group, is planning to build its second vehicle components plant in China, as the company pledged to continue its overseas expansion. The disclosure came as the company revealed record half-yearly pre-tax profits of £181m, an increase of 11 per cent.

The joint-venture with the Chinese government, involving the company in making vehicle drivshafts, will be GKN's first in the People's Republic since the late Eighties. Sir David Lees, the chairman, said detailed work on the project had already been done.

The move will be funded from GKN's growing cash-pile, which expanded by £30m in the first six months of the year to £252m. Sir David said the group's transformation since he took the helm eight years ago was now complete: "We've come to the end of the divestments, we are now looking at further investment opportunities."

Two other markets, in Thailand and countries in the former Soviet block, are also under scrutiny, though Sir David said there were no firm plans to make acquisitions or investments. Overall, capital spending rose from £10m to £62m in



Good relations: GKN chairman Sir David Lees (right) and newly appointed chief executive CK Chow. Photograph: FT

the first half of the year. The increase in profits was fuelled by Westland, the helicopter firm taken over in a hostile bid battle in 1994. Half-yearly earnings in aerospace and the defence

business jumped from £23m to £38m. Sir David said Westland had a "good order book" stretching until 2005.

Profits from industrial services, which included Chp

pallet hire and the Cleanaway waste management company, rose from £26m to £37m. Chp bought another 9 million pallets in the first half of the year, increasing its stock by a fifth. But

the gloss was taken off the figures by the car components businesses, which continued to be hit by depressed demand, particularly in Europe. Profits fell slightly, from £102m to

£101m. Sir David said: "The environment for car components manufacturers at the moment is not very encouraging."

He predicted car production in the UK would pick up by 10 per cent in the second half of this year, and would also improve in the US, though there was little sign of any increase in demand on the continent.

GKN said its recently-completed constant velocity joint factory in Italy, which will supply the entire Fiat car range, had been hit by start-up costs which had reduced profits compared with the first half of 1995.

CK Chow takes over as chief executive in the new year when Sir David's role as chairman and chief executive will be split. Dismissing suggestions that he would continue to exercise real control, Sir David, who will continue as non-executive chairman, explained: "We are both very determined that the situation will work well. CK will be absolutely and fully responsible for management of the company. My role will be essentially to manage the board."

Sitting alongside Sir David, Mr Chow agreed: "The overriding principle is that I will manage the company," he said. He did not expect to make "revolutionary" changes, though he said he was determined to seek faster growth through overseas expansion.

Scottish Value keeps options open on Kepit sale

JOHN WILLCOCK

Scottish Value Trust, which holds nearly 4 per cent of the embattled Kleinwort European Privatisation Investment Trust, Kepit, is keeping its options open as the battle for control of the £500m trust escalates.

Colin Maclean, managing director of Scottish Value Management, which runs the Scottish Value Trust, said: "We

have not rejected the proposals from TR European and are waiting for any other proposals to emerge."

On Tuesday, Kepit adjourned a shareholders' meeting at which investors had been expected to vote on proposals from Kleinwort to turn up to 60 per cent of the fund into loan stock, which it could repurchase to reduce the discount at which the shares currently trade

to the value of its assets. Shane Ross, chairman of the Kepit independent board, told small shareholders on Tuesday that the trust had received a bid from TR European Growth Trust, and proposals from Deutsche Morgan Grenfell Trust Managers to take over management of the fund, as well as four other proposals which he declined to specify.

Mr Ross urged shareholders

to reject the TR proposals as its fees could be up to £4m plus other undisclosed costs.

But Mr Maclean said that in order to justify the rejection, the cost of other options should also be known. "It seems strange that the chairman is so set against the Touche Renmant proposals when we do not have formal details of the Kleinwort Benson Investment Management proposals or of any others. Any fees

could end up being much of a muchness," he said.

Scottish Value, which bought its stake in May, believes that poor performance is the reason Kepit is under attack rather than its rival Mercury European Privatisation Investment Trust, which is also returning money to shareholders.

"When Kleinwort launched the fund, they thought they would get a better entry to

European privatisations than rivals. This has turned out not to be true when you compare performance with Mercury, TR and other European investment trusts," Mr Maclean said.

TR European said in its offer that it was the top performing trust, in terms of net asset value performance, in the general section of the Continental European sector over six months, one year and two years.

IN BRIEF

• BP and Mobil have received approval from the European Union to combine the two companies' downstream European operations. The merger includes the refining and marketing of fuels and lubricants. Under the agreement, which was announced at the end of February 1996, the two oil companies will pool assets with a book value of around \$5bn - \$3.4bn from BP and \$1.6bn from Mobil - to create partnerships with net annual sales of more than \$20bn.

• Fifteen branches of Colovision, the electrical group, have been closed with the loss of 120 jobs. The figure includes 30 redundancies at the company's Liverpool head office. The decision was taken by receivers Arthur Andersen, who were called in last week. The firm said the shops were all heavy loss-makers. The receivers are still trying to stabilise the business though several expressions of interest have been received.

• Stora, the Swedish paper group, says it expects the price of European newspaper to fall by 5 per cent following similar falls in the UK. Chief executive Lars-Ake Helgesson added that prices for coated magazine paper may have bottomed out after falling in line with fine paper prices. Stripping out exceptional items, first half profits fell to Skr1.6bn compared with Skr 4bn in the same period last year.

• Eastman Kodak has filed an anti-trust complaint with the Japan Fair Trade Commission, company officials said. In the complaint the company called for "enforcement action" against anti-competitive practices in the film market under the anti-monopoly law.

• Compaq, the computer group, has predicted that the volume of global commerce on the Internet will reach \$5bn a year in 2000 from \$500m now, with the number of users growing to 170 million from the current 25 million. The comments were made by Eckard Pfeiffer, Compaq's chief executive, in a lecture in Singapore. However, he said that significant hurdles needed to be surmounted before full transactional commerce arrives and the Internet matures into a full-blown parallel economy. "The foremost concern is security, authentication and privacy," he said. "Buyers and sellers need to be able to verify each other's identities and know there's no misrepresentation."

• Dresdner, Germany's second largest bank, reported a 44 per cent increase in operating profits to DM1.42bn for the first half of 1996, citing favourable conditions in the securities markets as the primary reason for growth. Dresdner said it owed much of the profit gain to Kleinwort Benson, the British investment bank bought for £1bn last year which has benefited from the boom in mergers and acquisitions. Costs rose by 16 per cent, but Dresdner said the increase was not significant because it resulted mainly from the consolidation of Kleinwort Benson.

• Cathay Pacific said interim net profit before exceptional rose 12.5 per cent from last year to HK\$1.11bn in the six months to June. The airline also had an exceptional gain of HK\$541m from its sale of a 12.21 per cent stake in Hong Kong Dragon Airlines. Cathay's chairman Peter Sutch said he expects business to improve in the year's second half.

• Hoogovens, the Dutch steel company, is targeting a 20 per cent improvement in steel productivity by around 2002. It also plans to cut its steel workforce to about 8,500 from 10,500 over the same period. Favourable economic growth in several Asian countries is reflected in structural demand growth for steel, but local supply is increasing, with capacity in South Korea, China, Taiwan, Thailand, Malaysia and India set to grow by about 50 million tonnes between 1995-1999, the company said.

COMPLETE

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INDEPENDENT
ON SUNDAY


THE INDEPENDENT

Reed plays key role as punters place bets on takeovers

Reuters. Pearson, the banking and media group which produced better-than-expected figures on Monday, was also caught in the Reed net. Talk the Anglo-Dutch group would produce the bid the world and his dog have for long anticipated pushed the shares up 9p to 654p against 611p ahead of the results.

Reed is due to produce interim figures today. Up to £415m against £370m is expected. Its shares put on 21p to 1,150p while Reuters, where a £900m cash pile means share buy-back hopes are never far below the surface, added 22p to 729p.

Utilities were also drawn into the bid maelstrom. An electricity buy note from Morgan Stanley helped generate the excitement; the US investment house believes most of the remaining independents are worthy of attention. Northern, up 14p at 548p,



**MARK
DER
Stock**

made its own contribution by announcing plans for a second special dividend.

East Midlands Electricity, up 14p at 597p, ignored reports that one of its proposed US bidders, Virginia Power, had been told by its state regulator to confine its activities to its own backyard. VP has not, according to the rumour mill, been a leading contender for East Midland, with Florida Power and Houston Industries the main players.

There were also ripples on the water front with Severn Trent 18p higher at 597p and Wessex, on Southern Electricity bid hopes, 8p at 348p.

Imperial Chemical Indus-

STREET REPORT

STOCK PAIN

Market reporter
the year

... was another drawn into the bid frame. The shares rose up to 796p as talk of a German strike mingled with share buy-back hopes.

Thorn EMI was given a spin, ahead of the demerger. Seagram, the Canadian drinks giant with a growing thirst for showbiz, was said to be planning an asset sale to mount a bid for the music side.

A covered warrants issue on the rental and music constituents from Barclays de Zoete Wedd added to the excitement with the shares up 21p to 1,786p.

The speculative atmosphere helped the FT-SE 100 index above 3,800 points for the first

time since early May. It closed at 27.7 points higher at \$31.11, its sixth consecutive gain.

Turnover was reported at a respectable 808.9 million shares with a 33.1 million trade.

Freepages, the directory group, allegedly the largest single trade. Strangely keen activity, including four 9 million shares, in Kay's Food was blissfully ignored, casting further doubts on the reported daily volume figures. The 666.9 million trade in Just, which distorted Monday's volume, was a error, presumably the action of a spaghetti-fingered trader.

Tesco, meeting analysts and attracting profit upgrades, rose 1p to 296p and Argos, with reinvests gone, gained 11p to 745p.

Freight Middleton expects 25m, up from £21.8m.

Barclays' remarkable progress continued with a 7.5p climb to 900p and confident talk of £10 being reached.

NatWest Securities moved

om lifted to add on **Murphy** group, lifting the shares 4.5p to 192.5p. Despite **BZW** selling **J Sainsbury** rose 8p to 200p.

Birkdale, the marketing group, fell 0.75p to 6.5p after announcing it was considering a cash-raising exercise. **Crown Glass**, up 25p to 235p, is announcing a buy-back of up to 10 per cent and is journeying in the opposite direction to **Cost** - from the USM to Aim.

Applied Distribution fell 1p to 92p after a second-half profit warning. It intends to cut its final dividend at 4.5p.

Enamp, the publisher, rose 2.5p to 68.5p, partly on the back of **Metal Bulletin**, up 1p to 1.063p following its 39 per cent profit advance. The publishing group has 20.6 per cent of MB.

British Biotech fell 6p to 29p as **Crédit Lyonnais** Laing sold. **Chiroscience** fell 1.7p to 363p.

alker timber group now the vehicle for leisure entrepreneur Adam Price, continuing to offer its 633p low, gaining further 8p to 673p. The recovery has been helped by growing evidence of its leisure ambitions.

Today it opens a venue bar, with a 1,000-customer capacity, at Newcastle-under-Lyme and plans more such ventures as well as night club openings later this year. Mr Price established Midsummer as a leading leisure group because it was taken over after a protracted and controversial battle.

Dolphin Packaging, a maker of those sandwich and hamburger packs, is, at 171p, edging its 12 month high. It is believed to be trading well and looks a prime take over candidate with MY Holdings ought to be lurking.

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business

Why housework should be taken into the accounts

Which of these activities is more like hard work: having a chat over a coffee with a colleague at the office or vacuuming under the bed at home? Another question: which of these activities counts in GDP, the standard measure of the size of the economy? The answers are, respectively, the second and the first.

It is pretty widely accepted that the conventional national accounts are not a comprehensive measure of economic well-being. The greatest advances have been made in taking the environment into account, but the Office for National Statistics is also researching the creation of "household accounts" which will measure unpaid work done in the home and the community.

Until the Industrial Revolution took firm hold, when more and more people switched from home-based work to waged work in factories, censuses classified work by women in the home as a productive activity. It was not paid, but it was still a job. By the end of the 19th century, though, housewives were classified as unproductive dependants. It was not until the politically correct started to speak of them as "homemakers" that the notion that unpaid household work is valuable was revived.

The fact that the ONS has started to draw up household accounts, nearly a century since housework was last seen as valuable, does not mean it has been stormed by dungaree-wearing feminists. An article in the current issue of *Economic Trends* explains that proper measurement of time used outside the marketed activities that are included in GDP is essential for many areas of economic policy.



ECONOMIC VIEW DIANE COYLE

Author Henry Neuberger writes: "How people spend their time is as good a measure of civilisation and social progress as any."

But the purpose of household accounts is more practical. It is impossible to assess the impact of tax and social security policies on decisions to enter the labour force, on childcare choices, on care for the elderly and disabled, without an estimate of the "productive potential" of households. And it is clearly large, as the drawing of women into

is not completely equivalent to time spent in unpaid work, but the income tax system entirely ignores the need for work in the home and whether it is paid for or unpaid.

It is a gap that is becoming more pressing as people switch to more flexible patterns of employment. If the increasing numbers of people working part-time or for short periods of time or telecommuting intersperse their formal work with household responsibilities, voluntary or leisure, the conventional

unpaid work is not, tilts parents' choices dramatically. Either the family gives up a big chunk of income but does not pay for childcare, or the carer goes "out to work" but spends much of the income on childcare.

The dilemma is even starker for single parents, for whom the decision is weighted even further by the withdrawal of benefits as they start to earn, making the marginal tax rate on earned income prohibitively high.

It is hard to imagine that the tax system would have been constructed in such a welfare-reducing way if there had been an explicit set of accounts measuring the use of household time. It would have indicated the scale of the potential switch into paid work by women and identified the national need for childcare.

With household accounts making the amount of unpaid work in the home explicit it would be possible to design a tax system that would have both supported families better and made individuals' choices more palatable. The tax penalty on marriage for two-earner couples would have been removed long before Nigel Lawson thought of it, and parents would not be penalised for taking paid jobs.

The *Economic Trends* article points out that the existing national accounts have ignored changes in the quality of working life. Researchers at the University of Essex have confirmed that between 1960 and the mid-1980s the big change in the average person's use of time has been a switch from blue-collar to white-collar, and presumably less unpleasant, work. Similarly, there have been quality improvements in time spent on housework thanks to the

spread of labour-saving equipment such as washing machines, and - perhaps more arguably - in leisure-time with television and stereos.

Mr Neuberger argues that welfare is increasingly likely to be measured in terms of the quality of people's time. Time will also be the important resource constraint on increased production - as any harassed and over-worked professional will confirm.

In a knowledge-based economy the key resource is not the number of workers as such but their quality, the length of time they spend contributing their brain power.

Curiously, the computer-based industrial revolution that is taking place now is thus reverting towards the unit of measurement that was commonplace before the first Industrial Revolution.

A classic article by historian EP Thompson describes how the pre-industrial concept of work was replaced by clock-watching in the factories. Before industrialisation, effort was measured by a comparison of how long it took to do something - a few hours was a "sleeping-time" whereas something that could be done swiftly took only a "pissing-time". It was the advent of factories that standardised the unit of work into a fixed shift.



Undervalued: The tax system ignores the need for work in the home and whether it is paid or unpaid

Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	154.20	7.5	11.8	1000	-	-	-
UK	162.66	11.3	50.37	137.20	2.1	2.1	2.0
Germany	2.2866	46.41	40.30	148.89	28.24	84.81	100.00
France	720.88	123.13	305.59	5.0283	79.46	217.207	3.461
Italy	234.31	46.83	142.86	9.835	44.51	125.335	105.71
Japan	166.15	75.70	225.28	107.75	45.44	136.33	72.887
ECU	12.63	15.11	45.40	12.657	7.4	23.25	0.5328
Belgium	47.26	12.7	32.25	35.92	6.5	19.16	20.677
Denmark	8.0441	89.18	448.28	37.355	85.85	270.229	3.8578
Netherlands	2.5687	65.57	307.74	35.32	107.102	42.225	1.2225
Norway	10.9878	75.30	210.24	1.6033	4.7	12.71	0.4201
Spain	164.38	21.31	69.86	24.064	42.17	16.50	4.3202
Sweden	12.323	0.49	1.9	8.8360	3.22	40.71	4.6780
Switzerland	1.6820	54.48	355.12	1.0075	37.84	137.107	0.9143
Australia	1.0858	20.31	67.35	1.2371	19.54	54.55	0.8523
Hong Kong	1.1927	10.41	224.10	7.7345	4.12	15.35	5.2138
Malaysia	3.6388	0.0	0.0	2.4895	4.14	80.80	1.6788
New Zealand	2.2844	43.67	133.55	1.4554	30.32	89.80	0.9814
Saudi Arabia	5.4785	0.0	0.0	3.7505	2.7	9.14	2.5292
Singapore	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553

Other Spot Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
Argentina	154.04	0.9887	23.382	80.0000	-	-	-
Australia	1.0858	20.31	67.35	1.2371	19.54	54.55	0.8523
Brazil	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Canada	1.1927	10.41	224.10	7.7345	4.12	15.35	5.2138
Chile	3.6388	0.0	0.0	2.4895	4.14	80.80	1.6788
Colombia	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Czech	1.0858	20.31	67.35	1.2371	19.54	54.55	0.8523
Denmark	8.0441	89.18	448.28	37.355	85.85	270.229	3.8578
Egypt	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Finland	1.0858	20.31	67.35	1.2371	19.54	54.55	0.8523
Ghana	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
India	3.6388	0.0	0.0	2.4895	4.14	80.80	1.6788
Indonesia	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Israel	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Italy	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Japan	1.0858	20.31	67.35	1.2371	19.54	54.55	0.8523
Korea	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Malaysia	3.6388	0.0	0.0	2.4895	4.14	80.80	1.6788
Mexico	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Netherlands	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Norway	10.9878	75.30	210.24	1.6033	4.7	12.71	0.4201
Poland	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Portugal	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Romania	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Russia	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Saudi Arabia	5.4785	0.0	0.0	3.7505	2.7	9.14	2.5292
South Africa	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
South Korea	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Spain	164.38	21.31	69.86	24.064	42.17	16.50	4.3202
Sweden	12.323	0.49	1.9	8.8360	3.22	40.71	4.6780
Switzerland	1.6820	54.48	355.12	1.0075	37.84	137.107	0.9143
Taiwan	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Thailand	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Turkey	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
UK	162.66	11.3	50.37	137.20	2.1	2.1	2.0
USA	154.20	7.5	11.8	1000	-	-	-
Yemen	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553
Zimbabwe	2.2844	0.0	0.0	1.4886	41.80	133.88	0.8553

The official statisticians are at work developing 'satellite' household accounts

The paid labour force during the Second World War and packing them back home afterwards demonstrated. Mr Neuberger comments on the household accounts: "It is difficult to see how economic policy makers have got by without them."

Consider income tax. Two-earner couples in the UK are taxed as two separate people, although taxed a little less if married. They pay more tax than a couple with only one earner. Fair enough - they have higher money incomes. On the other hand, they also either pay somebody else to do their housework or work after "work" to do it themselves.

Time spent in paid employment

Interest Rates

Japan		Contract		
Discount	0.50%	Long Gilt	(Sep 96)	
		Gemini Bond	(Sep 96)	
Belgium		J.G.Bond	(Sep 96)	
Discount	2.50%	Italian Bond	(Sep 96)	
Central	3.30%	3M Sterling	(Sep 96)	
Switzerland			(Dec 96)	
Discount	1.50%	3M Euroyen	(Dec 96)	
Lombard	4.25%		(Jul 97)	

Bond Yields

Country	Rate	Country	Rate	Country	Rate
UK	7.1%	Germany	5.1%	US	3-Month 7.1%
France	5.1%	Belgium	5.1%	Discount	5.1%
Italy	5.1%	Canada	5.1%	Discount	5.1%
Spain	5.1%	Switzerland	5.1%	Discount	5.1%
Denmark	5.1%	Sweden	5.1%	Discount	5.1%
Netherlands	5.1%	Belgium	5.1%	Discount	5.1%

Money Market Rates

5% 5 1/2	5 3/4 6 1/4
5 1/4	5 1/2
5 1/4	6
-	-
-	-
5 3/4	5 1/2
4 1/4 4 3/4	4 1/4 4 3/4

NOV		
Energy		
Brent Crude (\$/barrel)		
IFE	6:30pm	*chg. Yr. ago
Sep	18.42	-0.12 18.58
Oct	19.07	-0.25 19.35
Nov	19.75	-0.17 19.93
Vol 32,255 Index: 19.59		

Tourist Rates

United Kingdom (Pounds)	2,230.40	Index	Base date
France (Francs)	8,822.25	Industrial	1970=100
Germany (Marks)	229,500.00	Agricultural	1970=100
Italy (Lira)	199,000.00	Energy	1965=100
Japan (Yen)	105,400.00	Industrial Metals	1977=100
Switzerland (Francs)	1,775.00	Livestock	1970=100
Spain (Pesetas)	16,758,000.00	Precious Metals	1973=100
United States (Dollars)	1,520.00		

Source: Goldman, Sachs & Co. 68C & Co.

sport

Thrills and spills on the Solent

Stuart Alexander joins the crew of Nicorette for yesterday's Britannia Cup, the highlight of Cowes Week

It might not have been the most animated of team talks in the locker-room before the race but then again when the captain is Finnish and the crew's chosen *lingua franca* is a mixture of Swedish, German, Afrikaans and English, purple prose might have been a bit too much to expect.

Ludde Ingvall, the skipper of Nicorette, gearing up his crew before yesterday's Britannia Cup race – the most important trophy on offer at Cowes Week – seemed content on muttering a low-key message about the "classic and historic" race, the need to "get away alive" at the start and then if we could just be in front all would be fine and dandy.

The faces of the 20 crew ("No, make that 18," said New Zealander Jeff Scott, "we've got two Englishmen") were impassive but, worryingly, there was barely a murmur of reassurance as Ingvall asked if all the damage from Tuesday's hard race had been repaired.

It is a favourite maxim of the veteran America's Cup campaigner Dennis Conner, and many others, that to finish first you first have to finish, so making sure the gear will not let you down is a crew's prime concern. Unfortunately, the first problem hit us even before we had reached the start of the race and immediately our chances of

lifting the cup presented by King George VI in 1951, took a bit of a battering.

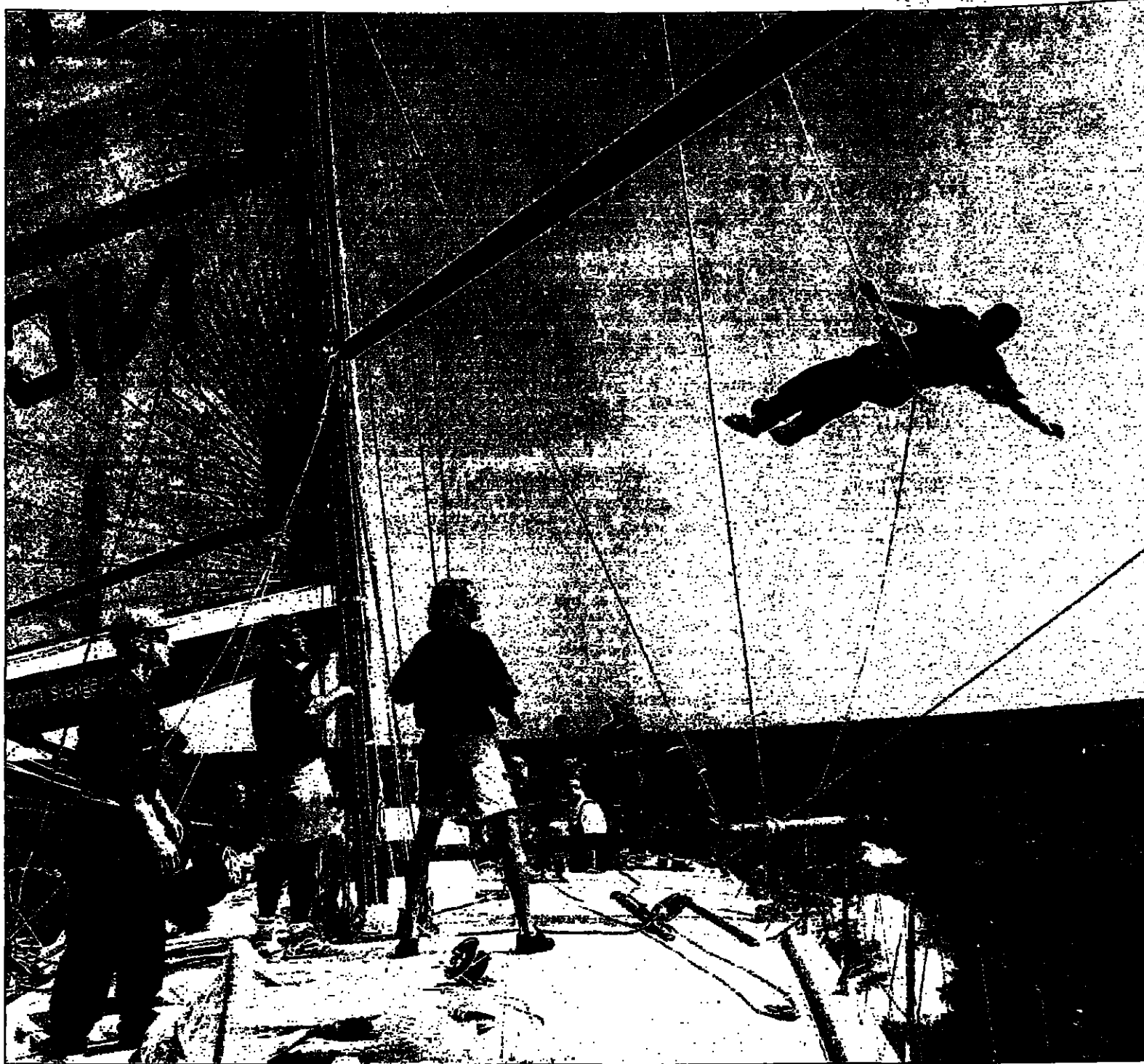
The idea was to take a look at a couple of the headsails most likely to be used in the fresh westerly breezes on the Solent.

With just half an hour before the 10.30 start, up went a smaller jib called the number four. Satisfied nods all round. It looked reasonable and was taken down to be repacked. After a slight delay, up went the larger number three. The muscle-

men leaned on the handles which turn the winches to pull it in tight and, easy as you like, out popped the head of the sail. Unfortunately, as it is meant to take a strain load of about 12 tonnes and

with the sailmaker on board there was not a little embarrassment.

It was not possible to mend it, the time for the race start was looming, and Ingvall was left with the equivalent of a race car with no top gear. And all the time the brains department, led by Harry Cudmore, was debating what the wind would do. Swing to the right or left, or turn into something new if the land heated up under the sun... What is the tide doing? Where is the current strongest? And, by the way, can we have the number four back up on deck because we need to use it in the next 10 minutes?



Out on a limb: Jonas Wachter, a crewman on board Nicorette, goes aloft to sort out a problem

Photograph: Glynn Griffiths

Once under way, the first leg of 30 minutes sees fortunes fluctuate between Nicorette, Grande Mistral – the near-identical water-ballooned, fearsomely powerful 80-footer entered by a mixture of the Russians and French – and the more conventional 84ft maxi, Mike Slade's Longobarda.

Going into the turn back downwind the pace heats up

and, with the adrenalin surging, Nicorette first crossed Longobarda with less than five feet to spare, then in a nail-biting manoeuvre squeezed round ahead, and set off under a huge asymmetrical spinnaker.

Fortunately for your intrepid correspondent, the hard work was limited to a guest appearance on the winches for the mainsheet trimmer. Early on in

the race I even managed some worthwhile pressure. Hanging on to the flying handles then became the major achievement.

"That was exciting," said Ingvall, probably referring to the tussle with Longobarda rather than my humble contribution.

As the atmosphere relaxed more people began to talk, different groups speaking in different languages. Two are

joking in Afrikaans about the dubious heritage of the previous day's sandwiches.

As the race progresses a couple of sail-changes go wrong. "Same thing as yesterday," says Ingvall, "I don't know who is in charge". And going back up from Portsmouth to the finish at Cowes the opposition, especially the Russians, close in. The crew goes quiet, Harold Cud-

more pronounces: "Our only hope is he goes aground on the way back out from the shore. Otherwise he has us."

It is a squeeze, but the Russian is beaten on the line as Nicorette claims 13th spot. Longobarda beats us both on handicap, and all three are hammered by the smaller yachts with even bigger handicap advantages.

Waller's victory points to future

If ever the Royal Ocean Racing Club needed a clear indication of the direction the competitors want the Admiral's Cup to go they should look no further than Cowes Week, last month's Cork Week and their own Commodore's Cup, writes Stuart Alexander.

In all three it has been a new breed of 41-footers developed in Australia that have been taking the silverware and yesterday's win for Ireland by Jocelyn Waller's Silk 2 in the Britannia Cup, one of the two most coveted trophies, reinforced the point.

After a scary moment the day before, when Silk 2 buried her nose in a trough and lifted half the stern out of the water, the crew came back to enjoy a glorious day which took the yacht west from the Squadron line to West Lepe, on a spinnaker run to the east Solent, back on a short piece of windward work and then downhill again nearly to Portsmouth before returning home to Cowes.

Another example, Glynn Williams' Wolf, winner of the Bathsheba Trophy the day before, was third, the two separated by Chris Little's new bouncer, a Farr 45 one design.

As Little is to be joined by Graham Walker with another 45, the RORC has already abandoned its insistence on strict 46s for next year, and a similar proposal from the Royal Yachting Association for middle-sized 40s will be discussed in September.

Also thought to be in favour of a wider range of 40s is Richard Matthews, who will liaise between the RYA and the RORC in the search for a British team.

Also enjoying the conditions yesterday was Mike Lennon, national champion in the Melges 24 class and now leading the pack at Cowes after a finish line gust gave him victory over Russell Peters. David Clark (spinnaker wrapped round rudder), David Bedford (spinnaker ripped) and Paul Brotherton (rudder broken) all struggled with damage.

Cowes results, page 23

1 THE INDEPENDENT

PLAY FORMULA 1 DREAM TEAM

WIN a drive in a grand prix car

Formula 1 Dream Team is just like Fantasy Football: you pick and manage your dream grand prix team to score points over the season.

Even though the grand prix season is well underway, it is not too late to join in: pit your wits against other enthusiasts and you could win our prize for the Hungarian Grand Prix or other prizes for each race.

Your team must comprise three drivers, a chassis and an engine; your budget is £40 million. Make your selections from the grand prix shopping list (printed right): the only restriction is that your third driver must come from the £1 million category.

Details of how to enter are given on this page. You can enter a team at any point during the grand prix season as there are prizes for the winning Dream Team in each individual grand prix. You can enter a different team for each race.

HOW YOU SCORE

Points are awarded per race to the top six finishers, based on the Formula One World Championship points scoring system (10, 6, 4, 3, 2, 1) but with an extra 10 points awarded to each of the top six finishers. All drivers are eligible to score for a top six finish but can also notch up extra points as follows:

- The fastest driver in race-day warm-up will collect six points, with five for the second and so on down to one point for the sixth quickest.
- Drivers score one point for each place they make up over their grid position. Points are not deducted by losing places.
- Five points are lost if your driver posts first retirement, four for second down to one point lost for the fifth retirement.
- If your driver makes the quickest pit-stop (from the entry of the pitlane to the exit) you gain five points.
- If your driver sets the fastest lap time in the race, you gain five points.
- If your driver receives a stop/go penalty, you lose five points.
- If your driver starts on pole position, you gain five points.
- The Independent will name a Driver of the Day after each race for a particularly impressive performance, worth five points.
- Non-qualification for a grand prix loses you two points. If a driver is on the



Plus prizes to be won with every grand prix

DREAM TEAM TOP PRIZE

The Dream Team manager with the highest number of points at the end of the Grand Prix Championship season will win our top prize: a drive in a 650bhp F1 car. You will be flown to the 2005 team's training school in the south of France for the most exhilarating experience of your life. The school specialises in F1 circuits and provides all the resources and instruction you will need for a day driving F1 and other single seat cars.

HOW TO ENTER

Choose your Dream Team from the shopping list on this page. Remember, you must choose three drivers (the third from the £1 million section), one chassis and one engine. You must not exceed your budget of £40 million. Give your team a name and register it by ringing 0891 891 805. You will immediately be asked the entry question: How many races are there in this year's Formula One World Championship? To enter your Dream Team details you can use one of two methods.

HOW TO ENTER

Method 1 uses a tone phone that lets you

key in the code numbers of your driver, chassis and engine choices. The computer will check that your team falls within budget and is eligible. Method 2 uses a non-tone phone and you give your details verbally. A budget check is not possible using this method. When you have registered your Dream Team, you will be asked to predict the number of points this year's champion will notch up over the year. In case of a tie at the end of the season, the nearest figure to the champion's points will win the top prize. In the event of a further tie, the team that registered first will win. Once you have registered your team you

will be asked for your name, address and telephone number. Your team selections plus your personal details will be played back to you and, when you confirm that they are correct, you will be given a PIN number.

This is confirmation of your entry and will enable you to access the score checking line.

There is no limit on the number of teams an individual can enter, but only one team can be registered per call.

CHECKING YOUR SCORE

You can check your team's position at any time by calling 0891 891 806 and quoting your PIN number. If you want to know the individual driver, chassis and engine scores from the most recent race, call 0891 891 807. This line will also list the Top 50 Formula One Dream Teams.

Rules

1. All telephone calls are charged at 39p per minute (including 10p per minute at all other times, with a typical call to secure your entry lasting between five and seven minutes).
2. The deadline to be included in a particular race is midday the Friday prior to that race.
3. The judge's decision is final, no correspondence will be entered into and there is no cash alternative for prizes.
4. Employees of Newspaper Publishing Plc, Haymarket Publishing Ltd and all associated companies and their families are ineligible.
5. Entrants must be 18 or over and residents of the UK or the Irish Republic.
6. To be eligible for the main prize, you must hold a current driving licence, be no more than 1.95m tall and weigh no more than 220lbs.
7. All scores will be worked out according to the official FIA time sheets produced at the meeting. The values stated for drivers, engines and chassis bear no relation to real life.
8. In the event of a tie for the Dream Team Top Prize or for any of the individual race prizes, the team that registered first will win.
9. For lost PIN numbers please call: 0891 891 808. For our Helpline call: 01275 344183.
10. The Top 50 Teams Line, lists the top 50 teams from the last race. Both the Team Position Check Line and the Results & Top 50 Teams Line will be updated at 2 pm on the Monday following a race.

DRIVERS

- £25m
- 1 M Schumacher
- £23m
- 2 J Alesi
- £20m
- 3 D Hill
- £18m
- 4 G Berger
- £15m
- 5 D Coulthard
- £14m
- 6 E Irvine
- £13m
- 7 J Villeneuve
- £12m
- 8 M Hakkinen
- £11m
- 9 H H Frentzen
- £10m
- 10 M Brundle
- £9m
- 11 J Barrichello
- £8m
- 12 J Herbert
- £7m
- 13 M Salo
- £6m
- 14 P Larri
- £5m
- 15 P Dintz
- £4m
- 16 U Katayama
- £3m
- 17 J Verstappen
- £2m
- 18 O Paris
- £1m
- 19 I Badoer
- £0.5m
- 20 R Rosset
- £0.2m
- 21 A Montanari
- £0.1m
- 22 G Fisichella
- £0.05m
- 23 V Sospiri
- £0.02m
- 24 T Marques
- £0.01m
- 25 F Lagorce
- £0.005m
- 26 H Noda
- £0.002m
- 27 T Inoue
- £0.001m
- 28 M Blundell
- £0.0005m
- 29 J-C Bouillon
- £0.0002m
- 30 K Brack
- £0.0001m
- 31 A Burt
- £0.00005m
- 32 E Collard
- £0.00002m
- 33 N Fontana
- £0.00001m
- 34 F Franchitti
- £0.000005m
- 35 N Larini
- £0.000002m
- 36 J Magnussen
- £0.000001m
- 37 A Prost
- £0.0000005m
- 38 G Tarquini
- £0.0000002m
- 39 K Wendlinger

CHASSIS

- £20m
- 40 Benetton
- £18m
- 41 Williams
- £16m
- 42 Ferrari
- £14m
- 43 McLaren
- £12m
- 44 Sauber
- £10m
- 45 Jordan
- £8m
- 46 Ligier
- £6m
- 47 Tyrrell
- £4m
- 48 Arrows
- £2m
- 49 Minardi
- £1m
- 50 Forti

ENGINE

- £26m
- 51 Renault
- £18m
- 52 Ferrari
- £15m
- 53 Mercedes
- £10m
- 54 Peugeot
- £8m
- 55 Mugen
- £6m
- 56 Ford V10
- £4m
- 57 Yamaha
- £2m
- 58 Hart
- £1m
- 59 Ford Zetec V8
- £0.5m
- 60 Ford ED V8

1996 RACE SCHEDULE

- Hungarian GP August 11
- Belgian GP August 25
- Italian GP September 8
- Portuguese GP September 22
- Japanese GP October 13

*Not competing in Hungarian GP but may compete later

DREAM TEAM registration: 0891 891 805

TEAM POSITION CHECK LINE: 0891 891 806
RESULTS & TOP 50 TEAMS: 0891 891 807

هكذا من الاعمال

sport

GOLF: Jack Nicklaus's designer course has European challengers on level playing field as US PGA tees off

Monty ready for saunter in sauna

TIM GLOVER
reports from Louisville

When Colin Montgomerie was beaten in an 18-hole play-off in the US Open at Oakmont, Pittsburgh, two years ago, it was so hot he ran out of shirts before running out of steam. For the 78th US PGA Championship at the Valhalla club in Kentucky, where golf will be played in conditions akin to a sauna, Monty is better prepared.

"People talk about the golf course and what have you, but I think the most important factor of the week is the heat," Monty said, relaxing with a cold drink in an air-conditioned room. In a practice round he found his mind wandering. "I was beginning to suffer around the 15th hole and my concentration went," he said. "The key is to be in the right frame of mind. You can end up in a lake or something without thinking about it, and it's just the heat."

Montgomerie is several stones lighter than he was at Oakmont, and has picked up a few tips about playing in a sauna. "I take one size larger in a glove because my hands swell so much. I'll use three or four gloves in a round, and wear light clothing and a wide-brimmed hat. I thought Oakmont was as bad as anyone could ever imagine, but this is the same."

Montgomerie, 33, is the world No 2 (behind Greg Norman), but he has not won a major championship, though he has gone close several times in America. Ernie Els beat him at Oakmont, and 12 months ago Steve Elkington rolled in a 20-foot birdie putt to win the US PGA at the Riviera Country Club in Los Angeles at the first hole of a sudden-death play-off.

Montgomerie's form has been indifferent leading up to Kentucky, and once again he missed the halfway cut in the Open Championship at Royal Lytham. "You can't dwell on those things too long. If you did you'd be in an early grave. I'm not worried about Lytham. I just had two particularly bad days on the greens. I will be very happy to win one major. Any one, any time."

Valhalla is designed by Jack Nicklaus and, notwithstanding

the fact few players would wish to fall out with the Golden Bear, the course has generally come in for genuine praise. "It's one of the best new courses I've ever played," Monty said. "When I look at a new course I don't think about how many good holes there are, but how many bad ones. There aren't any bad ones here at all. There are 18 strong holes of golf."

The design of the course, which favours left to right hitters, suits Montgomerie and Nick Faldo, though they are not accustomed to the bluegrass rough. Despite the fact that he has never won this championship, Faldo has again been installed as the 12-1 favourite with the bookmakers in London. Norman and Els are 14-1. Fred Couples 16-1 and Montgomerie is at 20-1, along with the Open

champion Tom Lehman, Phil Mickelson and Corey Pavin. Incidentally, Couples, who withdrew from the Open last month, yesterday announced that he is buying the company that makes his golf clubs, Lynx Inc. Couples and other investors, including Clint Eastwood, Jack Nicholson, Pete Sampras and Allen Paulson, the owner of Cigar, America's wonder horse, paid US\$37 million for Lynx, which makes the Black Cat brand of clubs.

Faldo described Valhalla as a thinking man's course, and on that basis he clearly thinks about two-thirds of the field of 150 can be instantly dismissed. Because Valhalla is a fresh creation, the Europeans, who often find conditions in America in August quite alien, believe they have a better chance this time. "Everyone is starting from scratch," Montgomerie said. "The fact that we're all in the same boat must give us an advantage."

In fact, they are not all in the same longboat at Valhalla. As the course designer, Nicklaus, who has won the US PGA five times, has a unique insight. Imagine Michael Atherton being allowed the luxury of preparing the pitch at Headingley. Whatever happens this week, Nicklaus, who yesterday posed for photographs with Muhammad Ali at the ninth green, can hardly complain about the course.

Fuzzy Zoeller, a native of these parts, is also familiar with Valhalla, having played here on a half a dozen occasions. "It's no guarantee that my ball will roll in the hole," Zoeller said. "The only advantage I have is that I get to sleep in my own bed this week. That's a big plus." As for the heat, which yesterday was around 100 degrees, Zoeller thought it was no sweat. "This is summertime and it's hot everywhere, folks."



Kentucky fried: Ian Woosnam wipes away the sweat during a practice round at Valhalla yesterday. Photograph: Allsport

Golfing paradise without the frills

It has taken the little matter of the 78th USPGA Championship to put a halt to Dwight Gahn's regular diet of four rounds a week at the Valhalla Golf Club. The last time Gahn, previously a long-standing member at another Louisville club, was prevented from playing because of a tournament, he decided to build his own course.

That was in 1980, by which time a 486-acre site he owned 20 miles east of downtown had remained unused for 15 years. Along with his three sons, Walt, Gordy and Phil, all members of the family business, Gahn set out to build a "golf only" paradise, with none of the swimming pools, tennis

courts and housing developments which are usually a feature of American country clubs.

At the same time, Gahn went to visit Hall Thompson at the Shoal Creek course in Birmingham, Alabama, which staged the 1984 and 1990 US PGAs. Gahn said: "On the way, Hall Thompson's driver said: 'I hear you are building a golf course.' I said that was the case and then he said: 'Then you have to call it Valhalla.' We didn't know what it meant, but it sounded good. When we got back, we went down to the library and found out it was from Norse mythology, a paradise for the souls of Viking heroes. It was the

Andy Farrell on how a family's dream course became reality

perfect name we were looking for."

Valhalla, the club, is one of the most exclusive in the area, currently boasting 270 members. It is also one of the best, having been voted the finest course in Kentucky shortly after opening in 1986. No expense was spared in building the course, and that meant hiring Jack Nicklaus as the designer.

"We had a dream many years ago of having a little bit

of what we could go out and play ourselves," Gahn said. "We just wanted to play golf on a world-class course, but we told Jack to go ahead and make it a spectacular course with mounding for fans." Nicklaus has said of his instructions: "He just said: 'major championship'."

Gahn, now 77, was a scratch golfer by his teens, when he would caddy in the morning, then use his fee to pay for his own bagman in the afternoon. In 1955, he bought Kitchen Kompact, now one of America's leading manufacturers of kitchen cabinets. Having his own golf course was not enough, though. "After a couple of years, we got a little bit

eager," Gahn said. "We thought of the PGA and started working on that."

Jim Awtry, chief executive of the PGA of America, was invited not only to the club, but to Louisville's showcase event, the annual Kentucky Derby at Churchill Downs. Four years ago, Valhalla was named as the venue for this year's USPGA and shortly afterwards the PGA of America took a 25 per cent share in the club, with an option to buy outright. Awtry suggests Valhalla may hold the USPGA on a rotation of four or five years and the Ryder Cup may pay a visit. Gahn may find himself banned from playing the course more often in the future.

TEE-OFF TIMES

US PGA CHAMPIONSHIP (Valhalla Club, Louisville, Kentucky) Tee-off times for first two rounds (all times BST, US unless stated): 1230 first round (1823 second round); C Anderson, P Armit, M Capozzi, 1233 (1832); B Love, L Rinker, S Inglehart, 1233 (1843); S Schmeidler, B Andrieu, D Ogilvy, 1247 (1850); C Strasser, P Barile, G Morgan, 1256 (1855); J O'Leary, D Webster, D Frost (SA), 1305 (1827); G Walte (NZ), M Brooks, B Langer (Ger), 1314 (1728); J Sindler, M Campbell (NZ), N Herli, 1323 (1738); A Ojala (Ger), J Haas, D Edwards, 1332 (1744); J Cook, T Horton, S Stricker, 1341 (1753); N Faldo (GB), S Jones, T Lehman, 1350 (1802); L Nelson, P Adger, J Sluman, 1408 (1811); S Elkington (Aus), J Nicklaus, W Grady (Aus), 1417 (1820); J Parnell (Gael), B Favon, S McCarron, 1426 (1829); N Price (Zim), B Tway, J Mahoney, 1435 (1838); R Madsen, M O'Meara, W Wood, 1444 (1847); J Daly, H Sutton, H Green, 1453 (1849); S Torrance (GB), B Crenshaw, P Senior (Aus), 1502 (1858); M McNulty (Zim), C Perry (Aus), S Koch, 1511 (1922); S Lowery, R Allardyce (Aus), M McCormick, 1520 (1932); J Fink, P Jacobsen, P Walton (Ire), 1538 (1940); R Cochran, M Brady, M Hultzen, 1547 (1950); D Martin, G Kraft, D DeForest, 1556 (1959); B Watts, T Volles, J Edwards, 1605 (2008); B Beeson, J Nelson, B Boyd, 1614 (2017); E Booker, D Sotomayor, J Reeves, 1623 (2022); J Roth, W Chapman, C Baker, 1632 (2023); G Bowman, M Taylor, J Bernel, 1641 (2032); M Dawson, K Triplett, M Bradley, 1650 (2041); T Tynan, W Parry, M Galsworthy, 1659 (2050); J Huston, L Mize, V Singh (Fiji), 1707 (2058); P Stanowski, C Duval, H Clark (GB), 1716 (2107); S Higashi (Japan), J McGovern, D A Weir, 1725 (2116); G Norman (Aus), D Love, C Pash, 1734 (2125); I Woosnam (GB), F Nobilo (NZ), B Bryant, 1743 (2134); C Montgomerie (GB), F Zoeller, F Couples, 1802 (2133); T Watson, E Els (SA), T Hsu, 1811 (2140); B McCullough, C Snider, J Ozolek (Usp), 1820 (2147); E Aubrey, P Mickelson, C Rocco (U), 1829 (2156); P Stewart, L Wadkins, L Jansen, 1838 (2155); P J Johansson (Gael), P Snyders, T Nakajima (Japan), 1846 (2144); S Simpson, N Lancaster, M A Jansen (GB), 1905 (2143); J Maggart, L Roberts, M James (GB), 1914 (2152); B Egan, F Funk, W Austin, 1923 (2151); J Morris, J Galsworthy, B Mayfield, 1932 (2200); D Forsman, T Purrier, J Leonard, 1941 (2209); G Day, J Adams, J D Blake, 1950 (2217); P Blackmer, B Ford, J Wilson, 1959 (2226); B Chambers, L Clements, M White, 2008 (2235); L Nelson, R Pato, E Reese, 2017 (2244); R Ware, M Burke, N Schaf.

Slough resign from league

Hockey
BILL COLWILL

Slough, once one of the country's great hockey sides and European club champions in 1980 in Barcelona, have taken the unprecedented decision to resign from the National League.

The club, which numbers among its life members the current president of the Hockey Association, Robin Elliot, and the chairman of the HA competitions committee, Rodney Rigby, and also provided Paul Barber and Ian Taylor for Great Britain's 2000 Olympic gold medal squad, notified this association earlier this week of their decision.

Kenny Partington, the club's chairman, expressed his bitter disappointment at the need for the decision yesterday, saying: "It's like having your stomach torn out. I feel that 20 years of my life has gone."

Partington highlighted the changing face of the game together with the lack of facilities the club can provide as the root of the problem: "We have not been a fashionable side during the past few years and without an artificial pitch at our own ground we have been struggling to attract players. We just cannot compete with other neighbouring National League sides to attract players and without our own ground it has been impossible to have a youth policy."

Partington said that when training got under way for the new season, Paul Loudon, the manager, had no more than seven players available from last season's squad and, unable to boost the ranks with recruits not able to find other club players willing to play at National League level, had no option but to recommend withdrawing. It is understood that the HA has reacted to the news with horror.

Slough, who won the last of their four national indoor titles in 1984 and are current Buckinghamshire champions, plan to continue with an indoor squad and to honour their second and third XI commitments with the Pizza Express London League.

TODAY'S NUMBER

48

The number of the top 50 golfers in the world who are playing in the US PGA Championship - the last major tournament of the year - at the largely unknown and untested Valhalla course in Louisville, Kentucky.

Will this be Monty's fairway to heaven?

(Colin to go all the way: 20/1.)

TO WIN THE US PGA

Valhalla. Starts today. Live coverage on Sky.

12/1 M. Faldo	33/1 M. Brooks
14/1 E. Els	33/1 D. Duval
14/1 G. Norman	33/1 S. Elkington
16/1 F. Couples	33/1 J. Leonard
20/1 T. Lehman	33/1 M. McCumber
20/1 P. Mickelson	33/1 V. Singh
20/1 C. Montgomerie	33/1 S. Stricker
20/1 C. Pavin	40/1 B. Faxon
25/1 J. Cook	40/1 J. Maggart
25/1 S. Hoch	40/1 N. Price
25/1 D. Love III	40/1 I. Woosnam
25/1 M. O'Meara	50/1 W. Austin

EW one-quarter one odds 12.2.4. Other prices on request. Non-runner - no bet. Ladbrokes golf rules apply.

FORECAST THE FIRST TWO HOME

12 US Masters	36 US Open	36 Open
Agnis	1.2	Rankin
N. Faldo (12/1)	S. Jones (100/1)	T. Lehman (20/1)
G. Norman (14/1)	D. Love III (25/1)	E. Els (14/1)
Dual Forecast odds 95/1	1.150/1	Dual Forecast odds 155/1

All Dual Forecast examples priced at current odds. If more than two players involved in a play-off, all those players, plus outright winner, deemed to have bet for 2nd place. These prices may have changed since this newspaper was printed. For the very latest prices, page Ladbrokes Teletext 655/67 (24h).

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Long makes untroubled progress

Rowing

All three British senior crews in repêchage action yesterday went through to tomorrow's semi-finals of the World Championships at Strathclyde Park, Motherwell.

Chris Long, who stepped into the place vacated by the singles sculls champion, Peter Haining, after the Scot opted to move up in weight and compete in Atlanta, finished second to Estonia's Roman Lutskhin. Long led over the first 500 metres with victory in mind but, when the Estonian took up the challenge at the half-way stage, he opted to conserve his energy and settle for second place.

The sculler Susan Appleboom took a step closer to what promises to be the most interesting final of the championships when she finished second to Hungary's Monika Remsei. With four in the race and three to qualify, the competition ended when Iceland's Anna Steingrimsdottir dropped 10 seconds off the lead by the half-way mark, and survival for the others became a formality.

Easy promotion gives Appleboom the chance to recover before taking on Romania's Constanta Burcica, the 1993 gold medalist, and Saran Garner, of the United States, in her bid for a medal. Garner reputedly lost over two stones in weight over nine months to convert from heavy to lightweight sculling and in her heat beat the Romanian and Appleboom by a 16-second margin from a breakaway start.

Also through to the semi-finals is the new lightweight pairing of Jason Keys and James Brown, enjoying their first World Championships.

Results, Sporting Digest, page 23

Harris snubbed by Warrington and poised to be a Union man

Dave Hadfield on the young player who could change codes for £1.35m

Rugby league has a nightmare. It keeps waking up in a sweat in the early hours and seeing its brightest and best trooping off to rugby union, in pursuit of the newly pumped-up bubble of easy money.

If there is a face in that nightmare, it is the youthful one of Iestyn Harris - and the prospect of losing his prodigious talent to a code he has never played in earnest moved a step closer yesterday.

Warrington announced that Harris, already transfer-listed at a dizzying £1.35m, will not even be considered for the remaining games of the season. It was an extraordinary step and one that sent the 20-year-old Harris hurrying to his solicitor for advice on his own next move, but one that fairly sums up the deteriorating atmosphere between club and player.

"I was completely taken aback when they told me about it," he said of Warrington's decision. "All I want to do is to play rugby. As far as I'm concerned, I'm fit, I want to play

and I'm available for selection."

Warrington do not see it being as simple as that. When Harris pulled out of Sunday's game at the London Broncos citing a knee injury, the reaction of the Warrington coach, John Dorahy, to questions concerning his actual state of health, was: "You'd better ask Jonathan Davies."

Warrington believe that someone has taken Harris to the top of the mountain and showed him the shimmering, golden cities below and suspect that the someone is his former player, now back in league with the Welsh Rugby Union and the Cardiff club.

The trouble is that Warrington are dazzled as well: dazzled by the prospect of getting a million quid for a player they are not even convinced is the right answer for them at stand-off.

That is also one source of

Harris's dissatisfaction. Although he will admit that he has things to learn, he not unreasonably sees himself as a specialist stand-off.

He is Britain's current International Player of the Year on the strength of his performances for Wales in that role and, just on the basis of his natural ability and glorious side-step, would be the Great Britain stand-off in just about anyone's current selection. It is hard, therefore, to see why Warrington harbour such doubts.

The criticism of Dorahy as Wigan coach three years ago was that he wanted to fix what was not broken. This looks suspiciously like the same impulse at work.

Harris's other grouse is that he wants to play rugby union in winter; not permanently or full-time, he insists, but only in the rugby league close-season.

On this point, it is more dif-

ficult - at least in theory - to pick holes in Warrington's approach. Dorahy and the club's football executive, Alex Murphy, are firm in their view that the last thing a young player with 15 months continuous rugby behind him needs is a winter in union.

They also believe - along with St Helens and some other clubs, but unlike Wigan, who are happy for Valaiga Tuigamala to guest at Warrington and Henry Paul at Bath - that it is none of their business to make a rival code more attractive and saleable.

Logic is on their side, but there might have to be some compromise - such as an agreement to let him go out on loan next year - if they want to rebuild their bridges with Harris.

Compromise, however, now seems the last thing on their minds. Yesterday's terse statement from the club read: "After careful consideration, the club have decided that Iestyn Harris will not be included in the team for the remaining three matches of the Super League season."



Harris: Prodigious talent

"This decision was arrived at after taking into account the fact that Iestyn asked for a transfer; there are doubts over his fitness and we need to build a team to go forward without him."

There is a depressing note of finality in there that the Welsh coach, Clive Griffiths, his Great Britain counterpart, Phil Larder, and a Super League administration watching the pre-dations of newly wealthy rugby union clubs, with increasing alarm, will all hope is illusory.

سكنا من الاربعين

SECOND TEST: Despite a lack of practice, Mike Atherton's team are ready to come out swinging at Headingley this morning

England look to batting specialists

DEREK PRINGLE
Cricket Correspondent

David Lloyd is a refreshingly innovative coach, but even he could not rescue England's practice session yesterday as the unlikely combination of rain and catering thwarted proceedings both outdoors and in.

With play in the second Test due to start this morning, any serious last-minute practice against bowling machines un-

leashing swinging yorkers had to be abandoned in favour of digging out wobbling chocolate mousers for today's corporate boxes.

As ever, Lloyd was quick to play down the fiasco of Yorkshire's indoor cricket school being given over to providing the food for corporate hospitality. "It's a world apart to go indoors at this time of the season," he said at yesterday's press conference. "It's a completely different game indoors

that would only perhaps benefit the batsmen."

That may be true, but one can only imagine the eruptions had England been greeted with the same options on a tour of Pakistan. Wasim Akram, although clearly frustrated, admitted to being amazed to find the school full of catering. "Still," he added magnanimously, "it is the same for both sides." A parity England's masterplan of playing on a grassy pitch will be hoping to change.

Four years ago, England beat Pakistan at Headingley on a slow seaming pitch. Since then, the Test match surface has been re-laid and England have yet to rediscover their winning ways, despite Atherton's assertion that this part of Yorkshire is still England friendly.

According to the groundsman, Andy Fogarty, today's strip was apparently destined to have pace and bounce, although its retreat under covers for the last two days has inevitably slowed it up and slowed it down.

This probably means that England are almost certain to dispense with Ian Salisbury and Ronnie Irani and play four seamers - including Andy Caddick - and six specialist batsmen. It is a combination that has proved successful for England in the past, although it most famously backfired against Australia in 1989, when England's lack of bowling variety saw



Rain men: Mike Atherton (right) and Wasim Akram brave the weather to examine the wicket at Headingley yesterday

Photograph: Peter Jay

Lever plays down rift

Peter Lever yesterday denied suggestions of a rift within the England cricket camp after his resignation as bowling coach.

Lever, hand-picked by Ray Illingworth, the chairman of selectors, in May last year to help improve technique in the Test squad, quit his post on Tuesday amid allegations he was in conflict with methods of motivation of the coach, David Lloyd.

Lloyd has brought patriotic music and slogans into the dressing room since being appointed at the start of the summer. This is believed to be at odds with Lever's traditional approach. "I have no axe to grind at all with David Lloyd. We have known each other for a long time and that is not the reason for me leaving. I have a business partnership with my son and I

have been spending a lot of time away. Though I enjoy the cricket, I must go back to the business and concentrate on that."

"I was in the dressing-room during the last Test and they played the 'Winston Churchill Tapes'. I realised I was the only one who heard them live during the war, so I thought it was time to move on."

Lever, who will leave after the end of the final Test against Pakistan at the Oval on 26 August, insisted the difference in approach between the two former Lancashire team-mates had not affected the England team. "Every person has different methods but it does not mean we disagree with everything. It's important the basics are the same and I think it is with David Lloyd and myself."

Australia run up a total in excess of 600.

If six batsmen play, Nick Knight will take up a new position at No 6, his left-handedness being seen as a foil to Waqar Younis, should the ball start to reverse swing in the middle of the innings - a phenomenon so devastating that England have been busy studying videotapes, and without revealing what they are, Atherton claims most of the batsmen have made small adjustments to their game.

Even so, England go into this match with five of their top six - Atherton, Alec Stewart, Gra-

ham Thorpe, John Crawley and Knight - not having played anything but one-day cricket since the end of the Lord's Test 10 days ago. Rest is a priority high on Lloyd's agenda, and rightly so, but the absence of any significant practice here because of the weather cannot have helped players to prepare for this match.

Pakistan have been similarly frustrated, but while England welcome back Nasser Hussain and Chris Lewis from injury, the visitors lose their vice-captain, Aamir Sohail, not yet recovered from the injury he received at

Lord's. His place will probably be taken by Asif Mujtaba, a gritty left-hander who can bat anywhere, although it is the teenager Shadab Kabir who will open with Saeed Anwar.

Wasim, with the safety net of a win behind him, was upbeat and confident, joking that if what Lloyd had told him about the pitch was true - that it was the same colour as the green outfield - he may even have to drop Mushtaq Ahmed to play a fourth pace bowler.

There is a lot of balls talked about most sport, but never has so much discussion centered on

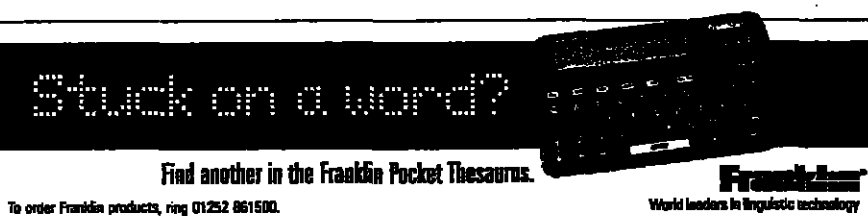
selecting one - or, more accurately, tossing for one as the captains will do this morning before the main toss - as there has in England's current series against Pakistan.

Unlike most countries, England spoil their opponents with a choice of two cricket balls - Readers and Dukes. As has been widely reported, Pakistan prefer the Reader ball for its tendency to reverse swing as it wears, whereas England's bowlers choose Dukes for their better seam and propensity to swing in the conventional manner when new.

Unless both sides agree on one particular type of ball, they toss for it, as they did at Lord's where Wasim, the Reader ball and his Pakistan team all prevailed. A win treble which Atherton and England, with their brand of cricket, will be hoping to overturn over the next five days.

ENGLAND (from): M A Atherton (capt), A J Stewart, N Hussain, G P Thorpe, J P Crawley, N V Knight, C C Lewis, R C Russell (wld), D G Cork, A R Caddick, A D Mullally, R C Tani, D R Salisbury.
PAKISTAN (from): Shadab Kabir, Saeed Anwar, Asif Mujtaba, Imran-ul-Haq, Salim Malik, Asif Ali, Wasim Akram (capt), Waqar Younis, Aamir Sohail, Nadeem Shahid, Mohammad Aslam, Shahid Nadeem.

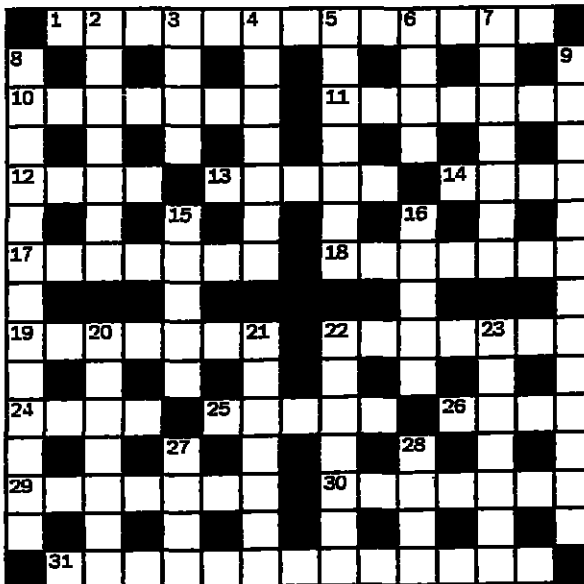
THE INDEPENDENT CROSSWORD



No. 3060, Thursday 8 August

By Spexius

Wednesday's Solution



- ACROSS**
- 1 Australian cobbler, you might think, are people affecting lower-class tastes (8, 5)
 - 10 Head accepting private investigator's judgement? (7)
 - 11 Small quantity of liquid in seamstress's ornament? (7)
 - 12 Object of admiration, terribly old one (4)
 - 13 First appearance made by union leader in insolvency case? (5)
 - 14 Injury sustained by royal personage inhaling rare gas (4)
 - 17 You'd find one in iron, of course (7)
 - 18 Time enough to exercise and get hard (7)
 - 19 Appropriate introduction by American poet (7)
 - 22 Transmit press article with central section excised (7)
 - 24 Welsh runner offering biscuit (4)
 - 25 Way in which writer appears to have finished (5)
 - 26 A work matter? Ring first (4)
 - 29 Debauched character eating boy's meat roll (7)
 - 30 My rather attractive picture moulding? (7)
 - 31 Rugged elements subdued? (7-8)
- DOWN**
- 2 Offensive treatment accorded to Moonies? (7)
 - 3 Issue magazine's raised (4)
 - 4 Parisian aunt not quite grasping officer's function (7)
 - 5 Flat due to be re-allocated - failure to keep up payments (7)
 - 6 Number right in the corner (4)
 - 7 Below ground, under a mountain peak, resistance must be hidden (7)
 - 8 Bulk volume transport? (6, 7)
 - 9 Outbreak seen in several spots in Bavaria? (6, 7)
 - 15 Book on American taxonomic group (5)
 - 16 Tour conductor has good Scots and English (5)
 - 21 Exhaust from Peugeot originally concealed in scrub (7)
 - 22 Vehicle in which one CSI man's transported (7)
 - 23 Paper is involved in exercise to inform (7)
 - 27 Need to get from one part of Oz to another (4)
 - 28 Robin's mate failing to start or finish song (4)

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Bicknell bounces back for Surrey

MIKE CAREY

reports from Southport
Surrey 211, Lancashire 128-5

For a small fee, a sea-front circus here will teach you some of the skills of the Big Top. However, you will not find Surrey among their customers - they know all about trampolines, thank you very much, after being the first side to sample Trafalgar Road's related pitch yesterday.

Dry but unevenly grassed, its extreme variations of pace and bounce made batting a test of

nerve, eye and resilience, not least when the ball was moving off the seam or swinging under low cloud in the first part of the day after a delayed start.

Although reared on true batting surfaces at The Oval, Surrey will not mind one that gives them a chance of furthering their Championship aspirations. And though the ball probably moved around less in the evening sunshine, Martin Bicknell, bowling straight and to the requisite full length, kept his side in contention with 4 for 33.

Among his victims was Neil Fairbrother, hit on the boot by

a first-ball yorker. While Nick Speak held on valiantly for a time after taking blows on the hand and chest, Graham Lloyd threw the bat vigorously at anything resembling a full length until caught off a faint edge.

Surrey had batted on much the same "If it's up, it's got to go" principle once Darren Bicknell had lost his off-stump to one that scarcely bounced. Thereafter, when the bat was not being passed several times an over, the batsman was usually being struck on one part of the anatomy or another. Take three successive balls that Adam Hol-

loake received from Ian Austin, who predictably used the conditions better than anyone: the first struck him in the groin, the second flew to the wicketkeeper at head-height and the third rapped him on the glove.

Amazingly, you might think, among all this mayhem Lancashire did not always bowl as well as they might have done. You could imagine one JB Statham taking something like 7 for 30 and then muttering into his beer about being too expensive. No matter. Here, Peter Martin saw Nadeem Shahid flog him for three fours in one over and still

produced one that nipped back and kept low to have him bow. Alastair Brown will not often receive second ball one that bounces and bowls him off a glove.

Brendon Julian, using his long reach, gave Surrey something to bowl at by making 41 from 43 balls. Even Austin allowed himself to be hooked out of the ground by Julian and on to an adjacent railway line.

The fall of 15 wickets in a day meant the umpires were obliged to inform the Test and County Cricket Board, but no further action will be called for.

Scoreboard, page 23

United and Blackburn deny Klinsmann move

Football

RUPERT METCALF

Both Blackburn Rovers and Manchester United went to great lengths yesterday to dismiss speculation that Jürgen Klinsmann was about to return to the Premiership. The former Tottenham forward, it seems, to stay with Bayern Munich, the club he joined from Spurs last year, for at least another season.

After a week of rumours of Klinsmann sightings in east Lancashire, Blackburn have denied that they are about to spend any of the £15m they received for Alan Shearer on the man who led Germany to success in the European Championship this summer.

"Following various reports in the newspapers and on the radio this morning linking Jürgen Klinsmann with Blackburn Rovers, the club can say that these rumours are unfounded," Robert Coar, Rovers' chairman, said yesterday.

Likewise, Manchester United have dismissed similar spec-

ulation about their transfer-market intentions. "I am perfectly happy with the strikers already on the payroll at Old Trafford," Alex Ferguson, their manager, said. "The fact that we tried to sign Alan Shearer is no reflection on the ability on the strikers at this club. It was a one-off situation. I would have been surprised to see Klinsmann playing in England again. My information is that, if he had not

moved by the end of April, then he was contracted to remain with Bayern Munich."

United's midfielder, Roy Keane, is awaiting the results of a scan on a knee injury and is doubtful for Sunday's Charity Shield game with Newcastle at Wembley. Alan Shearer may not have to wait until Sunday for his Newcastle debut - the Magpies have a friendly at Lincoln City tomorrow. "Alan needs a game for us and he will probably be involved somewhere along the line at Lincoln," Kevin Keegan, Newcastle's manager, said.

Robbie Elliott, Newcastle's former England Under-21 left-back, is discussing a move to Blackburn. Nottingham Forest enquired about the 22-year-old last week, but were deterred by his £3.5m price tag.

The Leeds United striker, Tony Yeboah, may miss the start of the season - the Ghanaian sees a specialist today after suffering a knee injury in Germany last week.

Manchester City will sign the Australian striker, Damian Mori, this week if they can agree terms



Yeboah: Knee injury

with his club, Adelaide City. City have already agreed a fee of £500,000 for Mori, who joined them on their pre-season tour of China, but Adelaide are unhappy with arrangements for the payment of fee.

Leicester City are preparing a bid for the highly-rated IFK Gothenburg and Sweden winger Jesper Blomqvist, who may be available at about £2m. Wolves, who are still talking terms with the Everton goalkeeper Neville Southall, are also keen on Sergio Romano, a right-back with the French club, Martigues. The Third Division club Hull City are also going continental, and have signed the former Deportivo La Coruña defender, Antonio Doncel.

Wenger to think over England offer

Arsene Wenger, the former coach of Monaco, says he will decide by the end of this month whether to become the Football Association's technical director.

"The Frenchman" confirmed that he had been contacted directly and offered the position by Glenn Hoddle, the England manager, who played under him in France in the late 1980s.

"I have to think it over," said Wenger from his home in Japan, where he is coaching Nagoya Grampus Eight. "I'm very happy here. Asked whether he might stay in Japan, as his contract expires in December, Wenger said: "It's not out of the question. I have to tell Nagoya by the end of August."

Wenger coached Monaco from 1987 until he was sacked in September 1994. His side won the French league title in 1988 and reached the European Cup-Winners' Cup final in 1992. The FA have been looking for a technical director, since they sacked Graham Taylor as England manager in 1993 after his side failed to qualify for the 1994 World Cup final.

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